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LEGISLATIVE HISTORY

Public Law 475--79th Congress

Chapter 526--2d Session

H. R. 5716

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Digest of Public Law 475

WAR-POWERS CONTINUATION. Continues until June 30, 1947, certain provisions of the Second War Powers Act, including priorities provisions.

Index and Summary of History on H. R. 5716

March 4, 1946	Hearings: House, H. R. 5716.
March 8, 1946	Rep. Hobbs introduced H. R. 5716 which was referred to the House Committee on the Judiciary. Print of the bill as introduced.
March 12, 1946	House Rules Committee reported H. Res. 558 for the consideration of H. R. 5716. House Report 1703. Print of the resolution.
March 14, 1946	House Committee reported H. R. 5716 without amendments. House Report 1714. Print of the bill as reported.
March 15, 1946	Debated and passed House with amendments.
March 19, 1946	H. R. 5716 referred to the Senate Judiciary Committee. Print of the bill as referred.
May 31, 1946	Hearings: Senate, H. R. 5716.
June 4, 1946	Senate Committee reported H. R. 5716 without amendments. Senate Report 1414. Print of the bill as reported.
June 8, 1946	Amendments proposed by Senator Moore. Print of the amendments.
June 21, 1946	Debated in Senate and passed with amendment.
June 24, 1946	House and Senate Conferees appointed.
June 27, 1946	House received Conference Report. House Report 2395.
June 28, 1946	Both Houses agreed to Conference report.
June 29, 1946	Approved. Public Law 475.

TO AMEND THE SECOND WAR POWERS ACT, 1942,
AS AMENDED

HEARINGS

BEFORE

SUBCOMMITTEE NO. 4 OF THE
COMMITTEE ON THE JUDICIARY
HOUSE OF REPRESENTATIVES

SEVENTY-NINTH CONGRESS

SECOND SESSION

Subsequent to the hearings there was introduced
and reported favorably to the House

H. R. 5716

A BILL TO AMEND THE SECOND WAR POWERS ACT,
1942, AS AMENDED

MARCH 4 AND 5, 1946

Serial No. 14

Printed for the use of the Committee on the Judiciary



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TO AMEND THE SECOND WAR POWERS ACT, 1942, AS AMENDED

MONDAY, MARCH 4, 1946

HOUSE OF REPRESENTATIVES,
COMMITTEE ON THE JUDICIARY,
SUBCOMMITTEE No. 4,
Washington, D. C.

The subcommittee met at 10 a. m., Hon. Sam Hobbs (chairman of the subcommittee) presiding.

Present: Representatives Hobbs (chairman of the subcommittee), Feighan, Chelf, Springer, and Fellows.

Present also: Representatives Sumners (chairman of the full committee), Walter, Tolan, Michener, Robsion, and Goodwin.

Mr. HOBBS. The committee will come to order.

We have up for consideration the Second War Powers Act for the second extension, and as I understand it, Mr. Snyder was to be the first witness here today. If he or his representative is here, we will be delighted to begin by hearing him. We have his paper.

Mr. Klagsbrunn, do you represent him?

Mr. HANS KLAGSBRUNN (Deputy Director, Office of War Mobilization and Reconversion). That is correct. My name is Hans Klagsbrunn, Deputy Director of War Mobilization and Reconversion.

Mr. Chairman, Mr. Snyder was extremely sorry that he could not be here this morning, because he considers the matter of the extension of the Second War Powers Act of extreme importance. He hoped until the last minute that he could come, but he is tied up with the President and has to leave with the President this afternoon. He has asked me to come and read his statement for him, and on his behalf answer any questions.

STATEMENT OF HON. JOHN W. SNYDER, DIRECTOR OF WAR MOBILIZATION AND RECONVERSION, READ BY HANS KLAGSBRUNN, DEPUTY DIRECTOR

Mr. KLAGSBRUNN. Last fall when President Truman signed the bill extending the Second War Powers Act for another 6 months he foresaw very clearly the situation which has developed today. On that occasion he said,

We know that our economy will be plagued with major war-born shortages 6 months from now and that the Government must have the means of dealing with these shortages. There must, therefore, be further legislation to cover the period after June 30, 1946.

It is very gratifying to me, as it is to other members of the administration, that this committee is now undertaking the consideration of a further extension of the Second War Powers Act. I am grateful for your invitation to appear here today to discuss the continuing need for this authority.

As President Truman has warned not once but several times, and as the signs unmistakably indicate, the approach of June 30, without specific legislation providing an extension of the law, will become an unsettling factor in the Nation's economy. To wait until then to act would cause the controls to break down in a short time and would hamper our production program.

Reconversion has made phenomenal gains. This Nation, despite many unsettling factors which have developed in the past few months, notably the serious strikes and their effect on production, may well be proud of the record it has made in adjusting from war to peace.

You know of the difficulties this involves: The physical reconversion of plants, adjustments in manpower requirements, the assimilation of veterans into our economic life, the really difficult struggles producers have had in obtaining raw materials and the difficulty the dealers have in stocking their shelves with the finished goods for which so many are clamoring.

We are not yet coming out of the woods in eliminating these shortages. It is for this reason that we have had to retain some controls—and it is for this reason that some controls will continue necessary for a year beyond June 30.

If there is not an early extension of the Second War Powers Act, we can soon expect a disorderly scramble for materials on the part of producers, and for finished goods on the part of dealers. Hoarding would be inevitable. But an even worse situation would doubtless develop. In the scramble for goods, many would be left behind in the rush. A tendency to delay production and distribution would follow. Price pressures would increase. And, let me repeat the warning of our President, any such tendency would seriously hamper reconversion, and would add a new and a dangerous inflationary factor to the many already existing.

If, on the other hand, the Second War Powers Act is extended well in advance of its June 30 expiration date, all businessmen will know that short materials will continue to be controlled and distributed on as fair and equitable a basis as possible.

In view of this situation—and I wish to be emphatic—I request that the Congress consider and enact renewal legislation at the earliest possible moment.

I am sure that you expect to have the views of various officials of the Administration on the application of the Second War Powers Act to the work of their agencies. I do not intend, therefore, to be specific as to the need for several of the titles, but I am submitting herewith to the committee our recommendations and comments on each title. For the convenience of the committee that is attached to the statement as an appendix. I will discuss in detail this morning only title III relating to priority powers.

There are seven crucial purposes to be served through the extension of title III.

First, through exercise of these powers the Civilian Production Administration can assure the production of military supplies which we continue to need. The volume of military procurement is, of course, very much smaller now, and the rate of procurement will continue to decline. Nevertheless, it is a matter of extreme importance that production be assured of the supplies which are needed by our occupation forces abroad and our servicemen before they are demobilized. It is important that the priorities authority which minimizes the difficulty of this procurement at a time of great civilian demand be retained on the statute books.

Second, it is through the exercise of authority granted in the Second War Powers Act that CPA can assist industry in expanding production of materials in short supply. The need for retention of this power is certainly obvious. We have said many times that production is the answer to our problems. With a high level of production we can eliminate price pressures, and assure pricing stability. With a high level of production we can assure employment of our workers which in turn creates buying power—the lever for more and more production. With a high level of production, consequently, we eradicate the symptoms of inflation. Production is the objective toward which we are striving. The need for every possible stimulus to production is the compelling reason for our request today.

A third control which is required, as much today as it was during the months of war, is the power to limit the use of materials while shortages exist.

Several imperative needs for the exercise of this power are apparent today. There are the needs for controls in the use of building materials, and controls to assure an adequate supply of low-cost clothing. In addition, the need for controlling and allocating such scarce materials as rubber, lead, zinc, and leather are well known to all of us.

There are shortages in many clothing lines—men's suits, for example, and women's stockings. CPA and the Office of Price Administration are developing a joint program to obtain necessary increases of many items.

It is obvious that the production of cotton fabrics needed for everyday apparel such as for work clothing, wash dresses, men's shirts and shorts, and for essential industrial and agricultural uses must be increased at least 50 percent on an average. In some instances this increase must be 200 percent above the low levels to which production of these essential items dropped last fall.

If the War Powers Act is allowed to expire this summer, the authority of CPA to prevent the diversion of looms from production of essential fabrics to higher priced, less essential types of cloth construction would expire with it. Likewise, the authority of CPA to channel supplies of essential fabrics to the places where they are most urgently needed would be gone.

The extent to which the Second War Powers Act will be necessary to aid emergency housing will depend upon the final form of the Patman housing bill.

There is a fourth reason why the Second War Powers Act is needed. It is the need for inventory controls which is perhaps more acute in our civilian economy today than it has been at any time since VJ-day.

As recently as 2 weeks ago the Civilian Production Administration found it necessary to proceed against some manufacturers for allegedly withholding shirts and stockings from the market. The machinery for inventory controls is under continuous inspection by the CPA. The common welfare requires that there be some restrictions to prevent hoarding and preemptive buying. Hoarding of scarce material by some producers deprives others of an opportunity to get into production—and provide employment. As this committee has been told before, such hoarding is likely to impinge particularly hard on the small business concerns. It certainly would adversely affect the efforts of many of our returning veterans to get into small production enterprises of their own.

The aftermath of World War I is about as dramatic an example of what happens when there are no inventory controls as any I could mention. After the last war, companies all along the line stocked up in hope of getting higher prices. We see now that if we had prevented hoarding then, we might have minimized the inflation and the resulting crash which followed. We have stronger pricing machinery today than we had then but the safeguarding of stable prices depends in great measure on such contributing aids as inventory controls. The dike against higher prices could not long withstand the pressures caused by the overwhelming demand which would follow hoarding on the part of a few selfish manufacturers.

A fifth imperative need for continuation of the Second War Powers Act is that of priority assistance to break bottlenecks which impede the reconversion process. The old maxim that for want of a nail the battle was lost is applicable in a thousand ways in our postwar economy.

Many of our production problems are interlocking. For want of linings, tire production is reduced. For want of a certain type of fabric, automobile manufacturers are worried about headlinings—and without them cars won't be coming off the assembly lines in numbers as great as would otherwise be possible.

For want of the required type of fabric, varnished cambric for a time was not manufactured. But varnished cambric, although used in small quantities, is required for insulation in fractional horsepower motors. Coating materials, such as rosin for magnet wire, of themselves occupy a humble place in our economy. But without them fractional horsepower motors are not manufactured. As a result of these two shortages, seemingly insignificant in themselves, a shortage of these motors created one of the most serious bottlenecks facing an expansion of production today.

There is a sixth reason for continuation of the powers included under title III which I wish to discuss today, and that is the authority through which we are enabled to meet our foreign commitments, including food and other relief needed throughout the world. Through exercise of these powers also we share in the world-wide allocation of materials, such as leather. All the leather in the world today is under allocation.

Although we have already dropped most of our export-import controls, it is vitally important that certain of them be retained, not only that we may fulfill our commitments to other nations, but that we may obtain supplies from abroad which are vital to reconversion.

I do not suppose that it is necessary for me to go into detail on the importance of some of these items—manila and other fibers for rope and burlap, for instance.

Bagging today is critically short and may become a stumbling block in our program to ship food that is needed by the destitute peoples of Europe, China, the Philippines and many other parts of the world. The need for fibers for bagging of these foods might almost be said to be a No. 1 must on our program of controls for the next few months.

It was through power exercised under this act that we administered our rationing programs throughout the war. Fortunately, we have been able to eliminate all rationing programs but one. However, the world supply of sugar still is far short of demand, and it is not now believed that rationing of sugar in this country can end before next January. In addition, we have seen in the past few weeks how the food picture can change in a short time; we have been asked by the President to tighten our belts for the sake of our neighbors in other lands, and only last week President Truman called in national leaders to formulate a food conservation program. The recent emergency actions taken by the Agriculture Department to conserve wheat were possible only because the Second War Powers Act is still in force. But it would be unwise in the light of present world conditions—and before we know what the 1946 food output will be—to drop the safeguards for assuring a fair supply. This is the seventh reason for continuation of title III of the Second War Powers Act.

Thus far I have spoken of the problems which are a matter of common knowledge. Without the Second War Powers Act we could not have brought this Nation to the state of full mobilization which the war required. Without its extension last fall until June 30 we could not have progressed thus far toward achieving the postwar stability which is our goal. We do not know the full extent of the problems which may arise in the next year. We still face serious economic dislocations. As one shortage or bottleneck is licked, it has been our experience that another one crops up. As long as such problems present a serious obstacle to reconversion, we should have the weapons for fighting them.

A reconversion program, which affects the future welfare of all our people, and indeed the people of the world, must be flexible. It cannot be if we do not have the machinery whereby we can help industry and business to steer the productive machinery of our great enterprises. As in the past, we shall constantly review the powers exercised, and we shall eliminate controls whenever in our best judgment the economy can operate without them. That time is not yet. Inflationary pressures are stronger today than they have been at any time since the war started. The administration and the Congress have a duty to the people to safeguard to them a program for assisting production.

Mr. KLAGSBRUNN. As I stated, there is an appendix to this statement. I believe each member of the committee has one. It contains a summary of the different titles, and a brief discussion with reference to them.

Mr. HOBBS. Are there any questions by any members of the committee? The appendix will be made a part of the record.

(The appendix is as follows:)

SUMMARY OF TITLES

SECOND WAR POWERS ACT

Title I. Emergency powers of the Interstate Commerce Commission over motor and water carriers.—Extended until June 30, 1946. Under this title the War Shipping Administration operates certain shipping lines and the Army and Navy supply local transportation to personnel where public facilities are inadequate. This title will be necessary until the War Shipping Administration is in a position to settle with companies whose ships they have taken over and operated. While progress has been made on this program, it is clear that an extension will be necessary.

Title II. Acquisition and disposal of property.—Extended until June 30, 1946, only as to the disposal of property. As so amended, this title facilitates disposition of certain real property by permitting the Government to lease property to private individuals without the requirement of immediate repossession by the Government. That part of this title which authorized acquisition of property prior to condemnation has been eliminated. Both the War and Navy Departments urge its extension.

Title III. Priorities and allocation powers.—Extended until June 30, 1946. This title establishes the priorities, rationing, and allocation powers, exercised by such Government agencies as Civilian Production Administration, War Department and Navy Department, Office of Price Administration, Interior Department, and Department of Agriculture. All of these agencies urge its extension.

Title IV. Purchase by Federal Reserve banks of Government obligations.—Extended until June 30, 1946. This title in effect gives the Treasury the right to borrow up to \$5,000,000,000 on short notice from the Federal Reserve System. Both the Federal Reserve Board and the Treasury Department urge its extension.

Title V. Waiver of navigation and inspection laws.—Extended until June 30, 1946. This title permits the operation of ships under less restrictive rules as to equipment and manning than would otherwise be the case. This title is necessary for troops stationed abroad, both for their demobilization and the transportation of supplies. Its extension is urged by the War Shipping Administration, and the Treasury Department on behalf of the Coast Guard. The Navy's vessels are already covered by permanent legislation.

Title VI. Power to requisition.—This title only amends the Requisition Act of October 16, 1941. Public Law 102, passed last June, extended the Requisition Act to June 30, 1946, and by its terms extended this title to the same date. No action need be taken with respect to title VI in this legislation.

Title VII. Political activity.—Extended until June 30, 1946. This title exempts employees serving part time and without compensation or with only nominal compensation from certain restrictions prohibiting participation in political activity (Hatch Act). Those chiefly affected are price and rationing boards and selective-service boards. The office of Price Administration urges its extension as does the Selective Service System, if its act is extended.

Title VIII. Protection of war industries and protection of resources subject to hazards of forest fires.—This title has already expired.

Title IX. Free postage for soldiers, sailors, and marines.—This title has been repealed and replaced by permanent legislation.

Title X. Naturalization of persons serving in the armed forces in the United States during the present war.—This title has been made permanent legislation.

Title XI. Acceptance of conditional gifts to further the war program.—Extended until June 30, 1946. No further extension will be necessary.

Title XII. Coinage of 5-cent pieces.—This title has expired.

Title XIII. Inspection and audit of war contractors.—This title has been made permanent legislation.

Title XIV. Utilization of war information.—Extended until June 30, 1946. This title permits the Secretary of Commerce to make information available to Government agencies which would otherwise be confidential. Availability of this information is necessary in planning reconversion as it was in mobilizing the country for war. It should be continued as long as the priorities and allocations powers remain in force.

The CHAIRMAN. I do think the witness has made a splendid statement, but I was much concerned, and we all are much concerned, to have amplified just how this control is increasing production.

Mr. KLAGSBRUNN. This is our feeling, Mr. Sumners: In the first place, we are eager to eliminate controls as fast as we possibly can. I think our experience to date is sufficient evidence of our good faith in that regard. We have greatly curtailed the controls of the War Production Board, now the Civilian Production Agency, the Office of Defense Transportation, the Petroleum Administration for War, and other organizations. We prefer to err on the side of too little government.

The CHAIRMAN. I do not suppose anyone will question your motive, but what I was trying to get at was just how this control was increasing production.

Mr. KLAGSBRUNN. We have great shortages at this time, as I have endeavored to indicate in my statement, in many lines. If these controls were lifted, we would immediately have an enormous scramble for the short items. There is a huge built-up demand, both in terms of the savings during the war and the earning power of our people.

The CHAIRMAN. Does that demand extend into materials that enter into manufacturing and production?

Mr. KLAGSBRUNN. That is correct; from producer goods which the manufacturer wants right down to consumer goods which the dealer and retailer want. There is a shortage of all those items.

The CHAIRMAN. Now let us get right down to it and have it put in the record. How do you increase, by this control, the number of shirts that are manufactured, or the number of any other things that are manufactured? Just how do you do it?

Mr. KLAGSBRUNN. In cooperation, the OPA and CPA work out a program by which certain materials are allocated to the type of goods we need most; for example, to shirts, and on a basis where shirts in lower-price brackets will be manufactured, rather than in the very high-priced brackets, which our demand would absorb from the market.

The CHAIRMAN. Your control, then, diverts with reference to quality and price required, as distinguished from increasing the production of the materials that go into the manufacture of clothing.

Mr. KLAGSBRUNN. We also assist, in many ways, increased production.

Through the allocation of materials and through inventory controls which limit what one manufacturer may buy, he is prevented from perhaps buying an inventory which might perhaps last him several years.

The CHAIRMAN. You mean the raw material going into the finished product?

Mr. KLAGSBRUNN. That is correct. By those controls we can assure that a great many manufacturers will get the materials which they can turn into finished goods within 60 days, rather than one manufacturer acquiring an inventory which might take him a year to work off, because we need the material now. That is one type of control which gives a more equitable distribution of the shorter items.

The CHAIRMAN. It not only gives an equitable distribution of such items, but it would increase the production.

Mr. KLAGSBRUNN. It increases the immediate production of those items. That is correct.

Then there is a further type of control, which is called incentive pricing, which again is worked out in cooperation between the Civilian Production Administration and the OPA. It assures that certain critical items are given a price which would be an inducement to produce that item over and against another item which might otherwise be more profitable but which is less essential to our immediate economy, whether for housing, whether for bagging, for textiles, etc. In that way there is an actual inducement to stimulate today the production of that scarce item as distinguished from a luxury item which might have a greater profit margin.

Mr. WALTER. What consideration has been given the advisability of preventing those manufacturers who have processed articles in excess of what they normally would from receiving raw materials?

Mr. KLAGSBRUNN. That is worked out also through the inventory controls. I would like to suggest that Mr. Small, when he testifies, amplify on that problem, because the administration of that program is a responsibility of his agency, and I know he can explain it far better than I; but through the provision for inventory controls we endeavor to assure that the material is allocated where it can be turned into an immediate product that is essential to reconversion and not acquired by the first man there, who may be willing to buy it up for use over a period of a year or two.

Mr. WALTER. I had in mind this situation: In testimony before the Postwar Economic Policy and Planning Committee there were statements to the effect that manufacturers of various items were hoarding, speculating, and I am wondering whether you are giving every consideration to the advisability of preventing them from continuing to pile up the stuff with which they are gambling.

Mr. KLAGSBRUNN. We are, sir. The Civilian Production Administration has recently taken action with respect to shirts and stockings, where there appeared to be a distinct backing up of inventories. They are making a careful canvass of all fields where they know that materials have gone into production and the production is not coming out fast enough. However, in our minds one of the best ways of guarding against hoarding is an early extension of such powers as the OPA and the CPA, because if it is known that the act will expire in the near future—2, 3, or even 4 months from now—there is an inevitable tendency on the part of manufacturers, and dealers for that matter, when it comes to price controls, to hoard for the time when the lid is off and they can turn to the less essential and most profitable items.

So it is a combination of assurance that we have the power for the necessary period of time, plus vigorous administration of it, which is our responsibility, that can answer the problem you raise.

Mr. WALTER. It seems to me it would be a comparatively simple matter to adopt the policy that where a company has stock-piled materials far in excess of their usual requirements—and you can determine what their usual inventory is—that they be deprived of the materials with which to make more.

The attention of our committee was called to the fact that somewhere in the South a manufacturer had on hand I forget how many thou-

sands of dozens of pairs of socks, and this man is quite active in the attempt that is now being made to scuttle this program. In my home city, in a very conspicuous spot where I must see it in going to my office, a dry-goods firm has a big card about all of these shirts that OPA will not release. This particular merchant has made a much greater profit under OPA than he ever did before, but I would like to know the story about these shirts that the OPA is not releasing.

Mr. KLAGSBRUNN. I would suggest again that Mr. Small, whose agency can best supply the details of that, answer that question in his testimony.

I would like to say that a policy such as you outline is exactly the policy that is being followed in the inventory controls. In short, no materials are permitted to go to a manufacturer if he has not turned the materials into an end product and marketed them.

There are many problems of administration that arise. In the first place there are the questions of staffing the governmental agency and the question of funds for it. Beyond that there are technical limitations, such as the different lines the manufacturer has and whether or not materials are being hoarded for the line which he has in long supply, so that there are some difficult problems of administration; but you are entirely right that they must be approached vigorously and they must be approached speedily, because we do not have any protracted period of time in which to solve them if we want to get results in the next few months.

Mr. FELLOWS. How long do you feel the Second War Powers Act should continue?

Mr. KLAGSBRUNN. We feel it should be extended for a year from June 30 of this year.

Mr. FELLOWS. You spoke of the fact that processors and manufacturers, knowing that the authority might expire within a few months, would hold on to goods and get a higher price. Is that not something that would hold true no matter when it would expire?

Mr. KLAGSBRUNN. That is correct. We feel, however, that it would be disastrous if that happened now, when we have a particularly short supply and a tremendous demand for these goods. We both hope and believe that if the act is extended for a year from this June by that time we will have practically no controls on the books. Perhaps we will have still the tin and rubber controls, a few of those and, depending on what authority is used for housing, we will certainly have some controls with respect to housing. But if we can have the power until production is stepped up further, and also have a chance to eliminate the controls in an orderly, graduated fashion, rather than with one fell swoop, we can avoid the problem that would arise if the act expires this June.

Mr. FELLOWS. I have a scrapbook that I keep. I have some new pictures for it in this morning's paper, and I noticed that your agency says that under this Housing Act that is being discussed they are going to have great power of allocation that is vital to the success of the program. Yet I noticed a few days ago that I think it was your organization that was going to permit the export of 1,000,000,000 feet of lumber, 250,000,000 feet to the quarter.

In my part of the country we have plenty of lumber, ordinarily. You cannot get lumber enough to repair a flight of stairs, and I

wondered why you were permitting the export of 1,000,000,000 feet, some of it to Canada, which is mostly trees, if there is such a critical shortage of lumber for the construction of homes for the GI's. Can you explain that?

Mr. KLAGSBRUNN. Yes. I regret I do not recall the actual figure, which that may well be. The situation is this: Any export controls are screened very carefully, both by the Civilian Production Agency and by the Commerce Department, and the amount of licenses allowed is far below what has actually been requested. The allowances are based on very critical needs abroad—in Europe, for rehabilitation purposes; many times for such things as shoring for mines, to get coal which is needed for heating and reestablishing industry in Belgium and Holland; sometimes for simple structures for homes for workmen. Many times the greater percentage of the board feet that are being exported are not in sizes that are suitable for housing construction in this country, and there are certain mills in this country which can make only those sizes, so that the net result of cutting down all exports would be to prevent extremely important activities in terms of the rehabilitation of destitute countries, and would shut down in this country certain mills which could not convert to housing construction.

As I recall the figures the last time I checked into it, the amount of lumber that has been exported in the last year that would be suitable for housing construction in this country would give us about 10,000 homes.

Mr. FELLOWS. When you listen to the debate and hear the radio commentators and read this morning's paper, with the pictures of Mr. Small and other good-looking men on the front page, warning us that if we do not do this and do not do that, and warning us of the great lobby that is opposing this effort—and I have not heard from anybody yet; I have not seen a soul and I have not had any letters; that is the lobby I have encountered—one wonders, in the face of all that publicity and pressure, why they were sending lumber to Canada, because I live right on the border, and Canada is largely trees.

Mr. WALTER. Has the thought occurred to you that perhaps there might be a little politics in this?

Mr. FELLOWS. It occurred to me this morning that it might be 99 percent politics.

Mr. KLAGSBRUNN. I would like to say, following up the lumber comment, that one other reason we are doing certain exporting of lumber is a simple trade matter. There are certain critical items that we need from other countries, and while we do not want to trade with anything that we need here, sometimes a little bit of that is necessary. There may be a matter of that in it. We will be glad to check it.

Mr. FELLOWS. Our cooperage concerns in Maine and our barrel makers are going out of business. They are making them in Canada and sending them over here and paying what duty there is, and they can still undersell us. That is not necessarily CPA; that has to do with all of this business of reciprocal trade and everything else. When you say 8,000 houses and hear the screeching in this country, I cannot see how you justify 8,000 houses, because if anybody has a home in northern Maine today and wants to build a piazza he cannot get the

lumber, yet they are exporting from this country millions of feet to countries that have more lumber than we have.

I never have been able to justify that in any way, shape, or manner, particularly in view of the pressure that is being brought upon Congress to do this thing as the most vital thing in the country today.

Mr. KLAGSBRUNN. When you compare it to our actual need of 2,700,000 homes and consider the vital benefits we obtain in exchange for what we do export in terms of other critically needed items, and in terms of carrying out obligations of this country, I think you will find that the net balance is greatly in favor of the limited export we are doing, and that it is rigorously and carefully screened.

Mr. SPRINGER. Mr. Klagsbrunn, just pursuing the question a little further, recently from my home State of Indiana a good-will tour has been made into South America. They have visited a large number of countries in South America, including the Argentine Republic, Peru, Ecuador, Paraguay, and other countries. They discovered there—and I might say in that connection that Mr. Maurice Early, one of the very eminent writers on the Indianapolis Star, was with the party—our lumber, our building supplies, including steel, and so forth; and plumbing supplies of all kinds, and that they have a tremendous building program in those countries in South America, using our own building supplies that have been sent from this country to South America.

Now, of course, South America was not in this war, and they had no destruction incident to the war, but if we need homes here for the veterans of this war, and at the same time you are exporting our building materials to South American countries for the purpose of their carrying on a huge building program, that just does not make good sense to me, and it does not make good sense to the people of this country.

What explanation have you for that sort of situation?

Mr. KLAGSBRUNN. I do not know the facts of that, sir. The quantities that are exported of either building materials or of lumber, to my knowledge, are very small, and for such purposes as I have indicated. The entire export in '45 which would be suitable for housing construction only gave, as I indicated, to the best of my recollection, about 10,000 homes. I do not know in what quantities or for what purposes these particular exports were made, that the mission you referred to saw.

Mr. SPRINGER. The reports coming from that good-will tour are that they are clearing their slums, they are building residential properties, they are changing their streets and widening them, and putting up new business buildings in various cities in South America, and they are doing it with our building materials.

Mr. KLAGSBRUNN. I would like to have an opportunity to review that picture and give you the full story on it. It would be my guess that the quantities that have come from this country are relatively small, but I am in no position to give you any actual details at the moment. I am not familiar with the details of it.

Mr. HOBBS. May I make this suggestion, or rather ask this question:

You see, Mr. Klagsbrunn is representing Mr. Snyder, who is the Director of War Mobilization and Reconversion, which essentially is the general agency in the picture. I wonder if it would not be wiser for us to take Mr. Small, next, at this time, to pursue these queries with regard to the Civilian Production Administration, so that he, being more familiar with that particular point of our injury, might be able to give us more detailed informaton.

Mr. SPRINGER. But in the face of the pending bill before the House, and in the face of this situation that is reported by this good-will tour, I want to know something about it.

Mr. HOBBS. And I believe Mr. Small can be more specific in his answers, and if it is the will of the committee we can take him at this time. Does that meet with your approval?

Mr. KLAGSBRUNN. Entirely. I think it is fine.

Mr. HOBBS. You will be here for further investigation.

Mr. SPRINGER. In the prepared statement which you read before the subcommittee you referred to strikes. What effect have strikes had upon this general picture as you have surveyed it in your office or department?

Mr. KLAGSBRUNN. Clearly the major strikes, and strikes in certain of the critical fields, have put a brake on reconversion, and have slowed down the step-up of production that was going on.

Mr. SPRINGER. To what extent has that slow-down occurred by reason of those strikes?

Mr. KLAGSBRUNN. I do not have any recent statistics. I would believe that over the last month it has been appreciable, and therefore we have lost some time that we can never make up simply by speeding up. It has been rather interesting, a fact that I do not know how widely it has been known, although it has been in all the records, that during the war our production for civilian purposes was at a higher rate than it ever was prewar, and our production for civilian purposes at the end of 1945 was at a greater rate than it ever was during the war. In short, with all the problems we have had, production has been steadily increasing. The last month or so will undoubtedly have had a detrimental effect on that picture, but with the steel strike disposed of, with a number of the other labor disputes disposed of, and production going ahead, that rate should step up very markedly now.

Mr. SPRINGER. But by reason of that condition reconversion has been retarded perceptibly?

Mr. KLAGSBRUNN. We would feel that it has had a braking effect on it; that is correct.

Mr. HOBBS. All right, sir.

Mr. Small, we are so delighted to have you with us again this morning: The Honorable John D. Small, head of the Civilian Production Administration. We will be delighted to hear your statement with regard to the further extension of the Second War Powers Act.

STATEMENT OF JOHN D. SMALL, ADMINISTRATOR, CIVILIAN PRODUCTION ADMINISTRATION

Mr. SMALL. Mr. Snyder has outlined to you the need for an extension beyond June 30 of title III of the Second War Powers Act and has outlined it very well. It is a very clear statement. Many of the

things that he has said in his statement you will find I have said in practically the same way in preparing this one.

I would like to emphasize in the beginning the need, if we are going to do anything about this Second War Powers Act to do it promptly. I figure that compliance with our regulations will decrease very rapidly from here on out until the expiration date of the powers, and probably by the end of April you cannot expect much compliance on the hoarding that you were talking about, or on anything which depends on these regulations. Really, our handling of this whole situation during the war has been, to my mind, 90 percent public cooperation and only 10 percent using the club of the Second War Powers Act.

Mr. SPRINGER. It is your belief, is it, Mr. Small, that the fact that there has been an extension would have a mental effect upon the public generally with respect to compliance?

Mr. SMALL. Very definitely. I mean, it is evidenced every day.

Mr. WALTER. It would have two effects. It would have the effect you are talking about, plus the effect it would have on unscrupulous manufacturers, because they can hoard their end product just so long.

Mr. SMALL. That is right.

To give you a typical example, although it does not apply to our powers and does apply to the Price Control Act, on Saturday I was talking to a mill about shipping some goods that we badly need down in the burley country, some tobacco cloth, and he said, "We can't ship at this time because Mr. Bowles made a statement a couple of weeks ago—it came out in the papers—that we were going to get a price increase. We haven't got it yet."

That type of thing, if they expect the Second War Powers Act to end, to my mind will result in your getting a very heavy impact of it 3 months before the expiration date, or certainly 2 months before the expiration date.

Mr. HOBBS. Then is it not true also, Mr. Small, that it has a third effect, which is to enable you to develop a program to actually get the goods on the merchants' shelves, requiring 3 or 4 or 5 months?

Mr. SMALL. Definitely.

Mr. HOBBS. In other words, you have a lag between the time of your order or directive and the resultant availability to the consumer.

Mr. SMALL. That is right.

To make it even more explicit, to flow cloth into low-priced women's dresses or low-priced men's shirts we have to be processing papers now for the second quarter; that is, for the quarter ending June 30, and we will very shortly have to begin laying out the plan of who gets how much in the lower-cost program for the third quarter. Obviously if this act is going to end at the end of the second quarter we might as well not process any papers and might as well not ask the industry to do it. There is a time element we have to have to work with industry in preparation for what is to be done.

Mr. SPRINGER. To what extent, Mr. Small, have you observed through your investigations this hoarding of the necessary materials, in textiles, particularly?

Mr. SMALL. We have made quite a lot of investigation of it at every level—at the mill level, at the converter level, at the garment level, and at the retail store, if you like.

At the mill level, when we went into it in great detail—we took a crosscut of mills, selected samples of the mills—we found at that time—we were then worried about the fact that they were hoarding possibly because of any tax saving that they might make—and we found out to our surprise, that was before January 1, that they were not, that there was no evidence of hoarding at mill level. Neither was there any real evidence of hoarding at converter level, the printing level. There was some indication that there was hoarding of finished items—shirts, suits, and so on—for price reasons. They were expecting a price rise. One of the causes of that has been that there was a wage increase in the garment trade early in December, and the people had expected that they were going to be compensated for that in some degree, at least, by price, which had not happened. So there was some holding back at that level. We managed to unfreeze most of that.

On the broad over-all picture, I think that industry has played ball on this pretty well. There are some offenders, some who have gone way out of bounds on the thing. In some instances they have an excuse; whether it is a justified excuse or not is questionable.

Take, for example, the shirts they say OPA is holding up. That particular shirt manufacturer knew he was working under MAP, where he had to produce, for every shirt of high cost, a shirt of low cost. He deliberately went ahead and produced the high-cost shirts and had not produced the low-cost shirts.

Mr. SPRINGER. Was that the manufacturer who was reported to have had 2,000,000 dozen shirts on hand that he had not released?

Mr. SMALL. He said, "If you make me sell the thirts you are making me break a law."

Mr. WALTER. Mr. Small, here is something that has not been answered. At the hearing before the Postwar Economic Policy and Planning Committee—and I am not certain you did not attend this particular hearing—our attention was called to the case of a manufacturer who had a capacity of 90,000 dozen items, garments, per quarter, or 360,000 dozen a year. He wants a price of 93 cents; OPA has fixed his price at 71 cents. So, instead of producing 90,000 dozens in the last quarter he produced only 7,500 dozen, and by making 7,500 dozen he was able to stay in business and meet his overhead, and at the same time, of course, was preventing needed articles from reaching the consumer.

Of course, you cannot compel him to go up to his capacity, but how could you make it possible to encourage that man to produce what he ought to produce?

Mr. SMALL. Well, of course, you are talking price, which is in Mr. Porter's jurisdiction, and he will be up here and he will tell you what he thinks should be done about it. I believe that that man, whoever he may be, is entitled to a fair and equitable price on whatever the garment is, in view of his present circumstances.

Mr. WALTER. Yes; but on this 71-cent price he is able to meet his overhead and stay in business. He wants more.

The CHAIRMAN. How could he make any money at all on a low-capacity production and then argue that he would not increase his profit if he increased his production?

Mr. WALTER. In my mind, of course, it is a manifestation of a fundamental instinct. He wants to make more, and so long as he is not losing anything and it is possible at some time or other to make a greater profit, he is not going to make the profit that he is entitled to. In other words, he wants to make an unconscionable profit.

Mr. CHELF. Mr. Walter, is it not far better to give the man the 22-cent increase than to let the shirts be sold on the black market for ten or twelve dollars?

Mr. WALTER. I am wearing shirts 10 or 12 years old, and I can afford to wear any shirt that is made.

Mr. CHELF. I have been out of shirts since before I went into the Army.

Mr. WALTER. You look all right. Why do you not wear an Army shirt?

Mr. SPRINGER. I have another problem, that of a manufacturer of overalls and work shirts, and he is unable to get the material with which to make those, to get them on the shelves, so the farmers and the workers in the plants can get overalls and work shirts. What do you have as a solution to a problem of that kind?

Mr. SMALL. We have this solution, and it is entirely dependent on the Second War Powers Act. We flow a specific quantity of cotton goods into the basic garments; that is, into work shirts and into women's dresses below \$5.98, and into men's shirts and into men's shorts. That quantity is distributed among the people who make those garments as fairly and equitably as we can do it. He is getting what we believe is his fair and equitable share, based on his base period or based on the peculiar conditions surrounding his case.

Mr. SPRINGER. This particular plant that I am referring to is the Adam H. Bartell Co., of Richmond, Ind. They have had their order in and application for an allocation of materials that will go into goods for sometime. They are out, and they are not getting anything.

Mr. SMALL. If he has been producing work shirts—

Mr. SPRINGER. He has been producing work shirts steadily.

Mr. SMALL. Then he has received an allocation for the first quarter and will receive one for the second quarter, but it will not be as much as he wants. We do not have enough cloth to give everybody what he wants, but he is getting what is his fair and equitable share of the limited supply we have.

On textiles, we may as well get that position quite clear. We have an enormous shortage of cotton textiles, particularly. We have far more machines and far more workers, far more cutters, far more people who can make garments, than we have textiles to use by those people or by those machines, and any of them, if they could get more material, could sell it and sell it instantly.

Mr. SPRINGER. What is the cause? Is there a shortage of cotton?

Mr. SMALL. There is a shortage of cotton textiles. There are several reasons for the textile situation, but one reason you can come back to basically is that we are shy 100,000 people in the cotton mills. There is a surplus of raw cotton on hand, but we are down below 400,000 people in the cotton mills, against 500,000 we need.

Mr. SPRINGER. You have the cotton mills, but there is an absence of workers?

Mr. SMALL. That is right.

Mr. SPRINGER. In this particular industry, the Adam H. Bartell Co., of Richmond, Ind., they are having to close down and their workers are having to step aside. Then, on the other hand, the merchants to whom they furnish this particular commodity have nothing on their shelves, and the fellows who are wanting that sort of thing, overalls and work shirts, cannot get them.

Mr. SMALL. We are channeling enough materials into overalls, work clothing, and work shirts, I believe, to adequately take care of the needs of the country, and we are doing it at the expense of a great many other things. We are giving it to only a few things. We are giving help to only a few things. We are giving help only to work clothing and work shirts under \$2.50, and shorts under a price break cut-off, and women's dresses under \$5.98. In other words, those are the things that our people of low income must have, and we are not giving that kind of help to anything else.

Mr. SPRINGER. You take a plant such as the Adam H. Bartell Co., of Richmond, Ind.; will they get materials?

Mr. SMALL. They will get their share; yes, sir.

Mr. SPRINGER. I have had communication after communication, and they cannot get any response.

Mr. SMALL. Oh, yes; they can. I will be glad, Congressman, if you will send me, or have your secretary send me a letter, or anything, from them.

Mr. SPRINGER. I will be very happy to send it down to you today.

Mr. SMALL. We will check up on it.

Mr. ROBSON. We have had the cotton, and we have the mills. You say the main trouble in getting this material is because of lack of workmen?

Mr. SMALL. Lack of workmen; yes.

Mr. ROBSON. How many persons is the Government today paying workmen's compensation on the proposition, first, that they are able to work and want to work; they are trying to get jobs themselves and they cannot find one themselves, and the Government agencies cannot find jobs for them?

Mr. SMALL. That is not true in the cotton-mill towns, I can tell you that, sir.

Mr. ROBSON. I am not talking about the cotton-mill towns. Do you not pay workmen's compensation down there?

Mr. SMALL. There are some skills that obviously would not apply there.

Mr. ROBSON. We are shy 100,000 people in the cotton-mill towns.

Mr. ROBSON. I understand we have 2,000,000 drawing unemployment compensation in this country. They say they cannot find a job, and the Government agencies cannot find one for them.

Mr. SMALL. Cannot find the kind of job that they want to take.

Mr. FELLOWS. That is right. Of course, one of the answers is this: That much of the cotton manufacturing was not essential during the war, and those workers went into airplane factories and what not, and they are sitting around now waiting for another wartime job, instead of going back to their usual employment.

The CHAIRMAN. Mr. Small started a moment ago, I believe, to make a statement in explanation of why they cannot get employees in the

cotton-mill towns. Were you not about to make some statement as to what you understood to be the reasons given?

Mr. SMALL. I think the reason is pretty clear. There are a lot of people that used to work in the mills that went into shipbuilding or into airplane plants or what not. They made a lot of money; they are tired, they want a rest, they want to take a vacation. They have not gone back. A lot of veterans used to work in the mills. They are taking a rest.

The wage scale has been low for years in textiles. There are a few that are up to 65 cents, but not too many. You have a relatively low-paid industry, and a lot of people do not want to work there. They want to go out and see if they cannot find something better. That is the difficulty, and with the present prices of textiles, with raw cotton up and the present prices of textiles, how are they going to pay any more? So you have the circle there of price and wage again, and it is a low-wage industry.

Mr. WALTER. Plus the fact that the veterans will not go back until the 52 weeks during which they are drawing \$20 have expired. They will not work for \$26 a week so long as they are drawing \$20 a week as unemployment compensation.

Mr. FELLOWS. And in these places where those people are not situated there is a housing shortage and they have not gone back home. When they go back home, so far as they are concerned there will be no shortage where they are now.

Mr. SMALL. That is right.

We had a slight increase in employment last month in the cotton mills, but not by any means what we have to have if we are going to get production.

The only answer to all these textile problems is production. When we get that, we solve it all.

Shall I go ahead, Mr. Chairman?

The CHAIRMAN. You were about to make some explanation of why this shirt factory that had produced so many shirts of a high value and had not produced the relative number of low-value shirts required in its contract could not sell the high-priced shirts, because they would be violating the law in not having produced the lower-grade shirts. Is there any way to get at a situation like that?

Mr. SMALL. Yes, there is a way of doing it. That is to get them some fabric to make the low-priced shirts, and that is their excuse for not having made the low-priced shirts. They could not get hold of enough fabric to balance out.

The CHAIRMAN. And they did not want to close the factory down.

Mr. SMALL. That is right.

None of these things is quite as black as it is painted when you get down into the real detail on it.

The CHAIRMAN. They do not make as sensational a newspaper story.

Mr. SMALL. No, not if you tell all the facts. They do not make headlines of that kind of story. Nevertheless, it is a problem there, and my understanding—and I am not positive of this—is that OPA did release that particular batch of shirts with a warning to this fellow that they are going to watch him, and he must go out and get the lower-grade material he needs for his low-priced shirts.

Mr. CHIEF. I was very much interested in your statement with regard to tobacco canvas. What luck are we going to have on that?

Mr. SMALL. I do not know, frankly. I thought we had that problem licked, and I ran smack up against this problem that now affects all cotton textiles. The price of raw cotton has gone up, the wages have gone up, the wage cost has gone up, and OPA has been considering giving them a price increase. As a matter of fact, Mr. Bowles so testified in one of the committees here a couple of weeks ago. But the details of it have not yet been worked out.

I think that we are going to be able to solve this one by directing these textile mills to go ahead and ship on open billing and adjust the price later, and make them ship anyhow. If we are going to save that tobacco crop, we have to get the cloth down there right away.

Mr. CHIEF. I appreciate your understanding of that problem, because that is definitely going to happen. But for that canvas, we will have no tobacco crop.

Mr. SMALL. You are exactly right.

Mr. CHIEF. I sure appreciate your attitude and your understanding of that matter.

The CHAIRMAN. One big trouble, I think, that we observe is that it takes so long—and I can understand it, too—to do a thing in the kind of way it has to be done under these powers that the small man, the man in a weak financial condition, is under a squeeze through which he cannot last.

Mr. SMALL. Congressman, I am not part of that squeeze. All I have to do with are materials in plants. Wages and prices, the two essential elements for production, are within other jurisdictions, and that is where your squeeze is.

The CHAIRMAN. Certainly. Everybody appreciates what you are doing.

Mr. SMALL. It is a tough one. It really is a tough one.

Mr. HOBBS. Go right ahead, Mr. Small.

Mr. SMALL. Title III of the Second War Powers Act is the legislative authority under which the Civilian Production Administration and its predecessor, the War Production Board, have exercised the priorities and allocations functions.

Executive Order 9638, dated October 4, 1945, created the Civilian Production Administration and transferred to it the functions and powers of the War Production Board. That Executive order directed a swift and orderly transition from wartime production to a maximum peacetime production in industry free from wartime Government controls, with due regard for the stability of prices and costs; and, more specifically, it directed the CPA to—

- (1) Expand production of materials which are in short supply;
- (2) limit the manufacture of products for which materials or facilities are insufficient;
- (3) control the accumulation of inventories so as to avoid speculative hoarding and unbalanced distribution which would curtail total production;
- (4) grant priority assistance to break bottlenecks which would impede the reconversion process;
- (5) facilitate the fulfillment of relief and other essential export programs; and

(6) allocate scarce materials or facilities necessary for the production of low-priced items essential to the continued success of the stabilization program of the Federal Government.

The Civilian Production Administration is presently concentrating on the above functions in addition to the housing program outlined below.

It was and it remains the policy that controls would be removed as rapidly as possible in order to permit business to rely largely on its own ingenuity and initiative to speed the transition from a wartime to a peacetime economy.

I would like to reemphasize that. It is one in which I believe very thoroughly, that we should not hold on to a single one of our production controls a day longer than we actually have to, and we have tried to demonstrate and show that we are completely sincere in that, even though we are greatly criticized by many for lifting them and even though pressures are great, and they are increasing on all sides, to reinstitute controls. I have said this before. I do not know whether I have said it before this committee or not. But priorities breed priorities. Controls breed controls. You recreate one control and you will have to recreate a dozen others. We are trying to hold them down to a bare minimum, just enough to eliminate some of the chaos as we go through the extremely troubled period.

As a corollary, it was planned that the War Production Board or its successor agency could be rapidly liquidated. We planned that back before VE-day. We planned it in prospect of VJ-day, and we thought that we could rapidly liquidate this agency and rapidly abolish all of the controls. We could have, had reconversion gone ahead as we had every reason to expect it could have done, but it did not.

However, unforeseen conditions have greatly slowed down the process from original plans. Although most War Production Board and Civilian Production Administration controls have been removed and the Civilian Production Administration drastically reduced in size, the necessity for retaining an effective operating organization in addition to its activities with respect to orderly liquidation has made it impossible to adhere to the original plans. We have got to have a fire department there to put out the individual fires as they spring up, and we get new ones every day that in the public interest must be handled, like your tobacco cloth, which is a very good example.

There are several reasons for our having to hold on to an effective force, an insurance force, if you like, which is now about one-tenth of what it was at peak. We had about 11,500 people at VJ-day; we are down to a little less than 2,300 today, and those people include the people we have out in the field on compliance, that are checking these inventories that you gentlemen are talking about. They include the production expeditors that are trying to get the production of brick up, of lumber up, of all these other things up. They include the specialists on all the industrial things with which we are concerned—producers' hard goods, consumers' hard goods, and so on—trying to give them the bottleneck help they need, trying to give the veteran the bottleneck help he needs, and so on.

As a matter of fact, we have far too few people to handle the work load, which has been increasing rapidly since last December, so that we are beginning to get snowed under by the work load. But we have that few if we are to do the task that we have been assigned.

Why is that necessary? Why are we off in our estimate of when we could close up shop? It is due largely to the following major factors affecting the economy of the country, with which you are all familiar:

During the past 3 or 4 months, labor-management difficulties have increasingly retarded the reconversion program.

Shortages have continued far beyond the time when it was believed they would be eased for practically all purposes. Notable examples are building supplies, textiles, lumber, steel—certain forms of steel—cadmium, and so on.

Heavy inflationary pressures are continuing much longer than expected and require more emphasis on inventory controls and low-end programs; and some controls which were removed have had to be reinstated, and other controls which we anticipated removing have had to be continued—not many. We are still down to 43 orders and 18 schedules, from a peak of about 650.

Mr. SPRINGER. Mr. Small, on that building material, we have that problem before the House right at this moment on this housing proposal. Not long ago—they are still in South America now—a group of people made a good-will tour from my State, and they discovered a vast amount of our lumber and plumbing and building materials down there, and steel. Then I received a letter from a man who is located at Balboa, in the Canal Zone, who is a contractor. I made some remarks in the House on that subject, and he wrote me a letter and he confirmed everything that had been stated by the good-will tour down there in South America, that our lumber was coming in there in great quantities. Some of it was stacked up; some of it was spoiling because it was not being used, but that which was used was being used to build residences, business buildings, and for cleaning out their slums down there, with our material.

What do you know about that?

Mr. SMALL. We have a group which consists of the old FEA, now over in the Department of Commerce; the State Department, and our own organization, who screen every request for materials that are going abroad if the request is for materials that are in tight supply, and we have them under expert quota if they are in such tight supply as to be a threat to our own economy here, lumber being one of those things. The amount of lumber that has been exported, as Mr. Klagsbrunn has testified, is relatively small. The amount of lumber expected to be exported during the first quarter of this year will be considerably less than 250,000,000 feet.

Mr. FELLOWS. I saw that in the paper.

Mr. SMALL. Even though we have authorized that much, it will be considerably less than that.

Of that lumber that we have authorized for export, a very considerable portion of it is not construction grade lumber. It is timber; it is stuff for rebuilding the docks, without which we cannot get rolling and get the economy rolling again in France, Belgium, and Holland, if we want to get them operating again. It is for railroads over there, and transport is one of the things that makes us have to give more finished products for relief that they could make themselves if they could get the transport, if they could get the coal out of the mines and run their plants. They have the labor and material to run them if they could only get the coal, so we are trying to help them out on these other things.

Now, on the construction grade of lumber, it was asked, "Why do we give any to Canada? After all, Canada is a lumber-exporting nation."

We send some construction grade to Canada because Canada does not make that particular construction grade. She does make some that we do not make, and she returns that to us. We get about three- or four-fold as much construction grade shipped in as we ship out. In other words, it is barter with Canada. If we did not ship it to her, she would start to make it, and that would keep her from shipping us as much lumber in other forms as we are now getting. We would not gain.

We have had so much heat on this for months, and I can assure you that everybody has been well aware of this one, so that I do not believe the lumber exports, if looked at with an understanding eye, are such that you will find much fault with them. I think they are pretty good. The reasons for them are very real, and almost anyone studying the figures would say to you, "Yes, that these were correct."

Now, maybe there are some slips. Maybe somebody got some that is not entitled to it. We can check the individual case, and we want to know of cases like that, where there are slips.

Mr. SPRINGER. Is there any such plan of exchange between this Nation and South American countries as there is between this country and Canada?

Mr. SMALL. No. I say that advisedly—not on lumber. We are getting other things from them, where we have to give them lumber in order to get these other things.

Mr. SPRINGER. In this group of men touring these countries there is an outstanding newspaperman from Indianapolis, lumbermen, businessmen of different types—42 of them—and they have reported uniformly and universally that that is happening, that there is our lumber down there, our steel, building materials, and supplies, all sent from this country, and they are using it in putting up those buildings. They are having a huge building program down there in various cities.

Mr. SMALL. The things that we are trying to hold the lid on exports right now are the things which are in acutely short supply here and that are interfering with reconversion. Lumber is one of them.

Mr. WALTER. Lumber? A certain type of lumber is. That is where the picture is always so unfair.

Mr. SPRINGER. Any kind of lumber used for building.

Mr. SMALL. We are talking about construction grade lumber. Construction grade lumber is in very short supply.

Mr. SPRINGER. And that particular type of lumber is being used for construction down there. At least that is the report that comes from this good-will tour group of people, some forty of them.

Mr. SMALL. Has that been typed up? Could we get a copy of it and investigate it?

Mr. SPRINGER. It is covered in Maurice Early's column every day in the Indianapolis Star. Not only that, but I had communications from this contractor in Balboa, and he confirmed everything that happened. He has been constructing down there, constructing buildings, residences, and so forth, with our lumber—with our plumbing and building materials.

Mr. SMALL. We are talking about building materials. The present bottlenecks in housing construction consist of construction grade lum-

ber, cast-iron soil pipe, brick, clay sewer pipe and vitrified tile, concrete block and gypsum lath. Those are the basic things that are the present bottlenecks without which we cannot get the houses. Ninety-nine percent of those things are not exportable. You cannot afford to export them. And I can assure you that we do not export many brick. We could not afford to export brick.

Now, those are our current bottlenecks. Lumber is the only one that I can see that could possibly be affecting our construction program, and as I say, the over-all lumber being exported is very small, and the reasons for the export being allowed are screened very carefully. Maybe some of it is diverted from the stated reason and somebody else gets it for a different reason. If so, we can cure that. That is administrative, in the handling of it. But the reason that is stated is a justified reason. It is a legitimate reason for exporting that particular lumber.

Mr. SPRINGER. The situation that has been reported on this tour, regarding the building material, is by reason of the critical shortage we have here. We cannot get any building material here at all, but they seem to have an abundance of it down there, and this group says it comes from this country. Can you check on that and find out about that situation?

Mr. SMALL. Yes, indeed; I certainly shall.

Mr. ROBSION. May I pursue that a little further?

In listening to the radio the other night, one of our broadcasters stated that he had been called upon by a veterans' group out west who were interested, of course, in this housing problem. He stated, and he said it had been confirmed, that these veterans had pointed out to him that one of our naval bases or storage plants out there had over 4,000,000,000 feet of lumber, and it had been checked up and he found it to be correct. Then they had found quite a large quantity at another naval station or base out west, and also they had found up here at Philadelphia that the Army and Navy had come in there and had taken away several hundred million feet of lumber.

Mr. WALTER. I do not know about the other situations, but you are talking about this Philadelphia situation.

Mr. ROBSION. I want to get the witness' statement, and then you can interrupt. The big thing is the 4,000,000,000 feet. Does the gentleman know anything about that situation?

Mr. SMALL. Well, I am fairly familiar with Wynamee. That is the place I suppose you are talking about, and you could not store 4,000,000,000 feet there if you spread it out all over the whole acreage as high as you can stack it. Four billion is a tremendous amount of lumber, and they certainly have nothing like four billion.

Mr. ROBSION. Having worked around a sawmill, I know 4,000,000,000 is a heap of feet of lumber.

Mr. SMALL. And all of the stocks of the Army and Navy and Maritime and Air Forces together do not amount to half a million, rather than four billion.

We have had the services under pressure for months on this lumber business for construction grade lumber to release it if they did not need it. We have had them under just about as tough pressure as you could put on it and, having come from the Navy, I know how to put it on them.

Mr. ROBSION. And you know how hard it is for it to take effect, too, do you not?

Mr. SMALL. I can assure you there is no such quantity of lumber, and the great amount of lumber they do have is for dunnage, and is not construction grade.

Mr. MICHENER. Has not one of the troubles been the price ceilings on construction grade and timbers? We had that up in the Rules Committee the other day, and before this housing bill came out we had a telephone call from down town that they had changed the order so that now you might get some flooring, what you call construction lumber. Before that the mills made two-by-fours and things like that because there was more money in them. Your ceiling price was up there where they could make more money selling that kind of thing, and as a result they made no construction material.

Has that condition really been bettered? Without that, all this talk is idle.

Mr. SMALL. It is being improved, but it is far from perfect still. They are making a very real effort to cure it. But you run into some very peculiar positions when you take these actions, and this is the reason, or one of the reasons, why I do not believe in Government meddling too much in business. They raised the ceiling price the other day of fir lath to go into buildings. That price had been up, I think, about 48 hours, when I got a wild telephone call from up in the State of Washington that we were not going to get any more brooms, because the broom-handle people were going out of business and they were not going to make any more broom handles in the mills.

It is like a rubber bag full of water. You punch it in, and it bursts out somewhere else. Who would have thought we would have had the broom industry terrifically harmed by doing something about the price of lath?

Mr. MICHENER. That is mighty accurate, and that illustrates the fallacy of all this planned economy and regimentation of business, does it not?

Mr. SMALL. The human mind is not so great that it can possibly encompass all this multitude of complexities.

Mr. SPRINGER. That is a good statement.

Mr. SMALL. Most of the orders and regulations controlling materials have been eliminated. A simple priorities system covering items in short supply has been instituted to aid the reconversion program. Under Priorities Regulation 28, CC ratings have been issued sparingly for practically all industries. Valuable assistance has been rendered to the textiles, food, industrial machinery, iron and steel, the wholesale trade, building materials, and automotive industries.

In determining the controls to be revoked, the Civilian Production Administration did not expect labor-management disputes to be as widespread or severe as they subsequently developed. Maybe we should have had a crystal ball or something and realized that, but we did not. We have no radar to look into the fog of the future. Many wartime or war-created shortages of materials and end-products have not been liquidated as anticipated because of a number of work stoppages caused by or resulting from these labor-management disputes.

With this background, I should like to explain briefly the functions which we are still carrying on and point out those for which we anticipate there will still be a need after June 30, 1946. Speaking for our agency, we would propose in no case to exercise this authority beyond the time during which the need is clearly evident, and, furthermore, to exercise it as sparingly as possible. I cannot reemphasize that too much, because the pressures are very great to make us do it more and more. Those pressures come from everywhere, including this organization here.

Most people agree with us when we say, "Let's get back to an economy free of these controls." But many of them say, "Except for my case. I am different. I need a priority. I need the exercise of a control," not realizing that if you do it for one you must do it for the many, and if we get started on this thing we will very rapidly get all rolled up again in that ball of red tape of controls and directions and one thing or another that we had during the war. The only thing that we can do is to use them sparingly but to use them effectively where they are absolutely needed and absolutely essential, and that is our purpose.

First is the assurance of military supplies. While the volume of military procurement is now extremely small compared with its pre-VJ-day level, there are still requirements for our forces of occupation overseas and for servicemen pending demobilization. There must be no delay in the continued supply of these needs. While in most cases no trouble is now experienced in obtaining them on the open market, there are instances where priorities assistance is necessary and should be maintained to make certain of their fulfillment.

There is rarely a day passes that one of the services does not call me up to ask me, can we help them on something which turns out to be something they really need, but they could not get it in the normal operation of the market.

The second one is to expand the production of materials in short supply. As I have stated many times, and I would like to emphasize it again, all-out production is the quickest way to end the necessity not only for our controls but for price controls as well. This is the field in which CPA can make its greatest contribution to reconversion; that is, within its powers and within its jurisdiction. Unfortunately, work stoppages in many key industries since VJ-day have seriously retarded reconversion and have resulted in a continuing shortage of many materials which were already in critically short supply as a result of conditions arising out of the war. In addition, the demobilization of our armed forces has accentuated the need for increased production of many items of materials required by these veterans, directly or indirectly, in reestablishing themselves in civilian life. I can refer particularly to clothing and housing, but our efforts to assist in meeting their problems extend beyond these two major fields of activity, getting them rehabilitated and reestablished in business.

Some of our most critical material bottlenecks have resulted from world-wide shortages of materials which must be imported because they cannot be produced in this country.

I would like to cite some examples of the way in which the CPA is using its authority to assist industry in increasing the production

of these critical items, and I am convinced that this assistance must be continued until supply is in balance with normal demand if reconversion is to progress smoothly.

Mr. WALTER. Do you not feel that when that time arrives there will be no need to repeal the OPA law, that it will just go out of the window of its own?

Mr. SMALL. That is right.

Take, for example, tin. We always bring up tin as a clear-cut example. The situation has not changed substantially since last fall. In other words, the picture that we had of tin last fall is pretty much the picture that we have today. We have had men over there, we have still got a man over there, and the picture is not encouraging. I can tell you that the Indonesian situation down there is far from encouraging about our getting substantial amounts of tin at any time in the near future.

Mr. SPRINGER. What is the situation with respect to rubber?

Mr. SMALL. Rubber is better.

Mr. SPRINGER. It is getting better?

Mr. SMALL. Better, relatively, than tin, although not by any manner of means good enough to permit us to lift all controls over crude rubber. We certainly could not do that. Our stock pile would go out of existence in a month or two if we did, but tin is relatively more serious than rubber in the outlook.

Mr. CHELF. Is the sugar situation clarifying somewhat?

Mr. SMALL. Sugar does not come under us, but the sugar situation—I think Mr. Anderson came out with a statement the other day that he expected the sugar situation would ease by early fall, a little. I think industrial use is now around 60 to 70 percent of base period. He expected it to go up to 70 to 75 percent. It does not come under us.

Mr. SPRINGER. Have you received any information as to what happened to all of that 1,600,000 tons of sugar that was discovered over there in Japan?

Mr. SMALL. I have no information on it, but I feel sure if it were discovered we would get some of it. It may well be like some of these other discoveries that have been reported. They discovered 25,000 tons of tin, which worked out to 2,500 before we finally got the tin.

Mr. SPRINGER. That article was given rather wide publicity in the newspapers.

Mr. SMALL. That is in Agriculture. It is not our job. I will check it, if you like, and get word to you.

As I say, the situation on tin has not changed substantially. This essential material is entirely imported, and is needed not only for food preservation in tin cans, but also in small but vital quantities in every variety of reconversion production. Speedy restoration of normal supplies is dependent on delivery of equipment items, many of which have very long production cycles. Our function in increasing foreign production lies in using the priorities and allocation power to speed up the delivery of the necessary equipment to the production areas, to speed up getting those parts or bits and pieces of equipment, or the equipment itself, or the trade goods needed to get the workers back in the tin mines in those places where they are operating. Money means nothing. Labor is very scarce. The Japs evidently took a lot

of labor out and it never returned. But as to those who are back, what they want is trade goods. They do not want money. They have to have clothing, print cloth, cotton textiles, one of the things that are very short over here, and food, the ordinary bits and pieces of trade goods. That is what we have to get to them if we are going to get production up, on which we are helping, trying to get.

Building materials: Most building materials producers were operating at extremely low levels when the war ended. Many plants had become war casualties. By the combined efforts of industry, labor, and the several Government agencies, we have been able to get substantial increases of many of these items, such as brick, cast iron soil pipe, clay sewer pipe, structural tile, gypsum products, and certain plumbing items. While much of this has been accomplished through the voluntary cooperation of everyone involved, the selective use of our priorities powers is resulting in the prompt channeling of capital equipment, production materials, and operating supplies into the plants of these producers. They may need only a bit or a piece—a power truck or whatever it is that is holding up their production, and the order board, or the plants producing that particular thing, may be six months behind. We step in and get it to them in 6 days. Immediately production steps up and moves ahead, because we put them at the head of the line. We need this stuff urgently now.

Similarly, priorities assistance is being given to the manufacturers of specialized equipment needed by the producers of these critical products to maintain or expand their production. For example, fractional horsepower motors that go into concrete block-making machines. Order boards on those motors are very long and heavy. We step in and say we need these machines to make the blocks because we need the blocks to put up the buildings to do the construction they need. They get their motors, they produce the machines and they get out to the country and begin to go to work months ahead of the time they would have if they did not have that push by priorities to get the motors or the gear or the other particular type of component that is going into them.

Mr. MICHENER. There are just a few industries in the country where they manufacture that machinery to make the cement blocks. I had one the other day where the building people are insisting on the block machine being the bottleneck. The price on the block machine is a '42 price, and they finally succeeded in getting them to adopt what they call an open-billing sale. That permitted the manufacturer of the block machine to sell to the next fellow at the old price, with the tacit understanding—not in writing—that his price would be adjusted after provision was made, and then that the open billing would require the man who bought it to pay the adjusted price, whatever it was, if and when.

It developed a little later that that did not apply to reselling. I took it up down here and talked to the people, and I was told that every reseller who wanted the advantage of that adjustment would have to make individual application down here, and then those applications would have to be approved.

Well, there are probably thousands of them in the country, and finally we did get an order through—581 or 585, I think it is—which permits the price allowed, the adjustment, to follow down through to the last seller.

Those are the things that are doing much to hold up production. I am talking about cement-block construction. It just seemed like a lot of foolishness to me. As I told the man down here, that is theoretical, all right, but it is not practical. You cannot sell a cement-block machine to the jobber and have him deliver it to the construction man unless the price is going to follow clear through.

Do you have anything to do with that?

Mr. SMALL. No, sir. Let me make it very clear.

Mr. MICHENER. Hearing you testify, I would not imagine you did.

Mr. SMALL. The Civilian Production Administration has nothing whatever to do with prices nor with wages. I must say that I certainly get slam-banged from every direction on both counts, but it still is outside of our jurisdiction.

Mr. FELLOWS. I have said some unkind things this morning. I am not admitting my conscience bothers me. I never would have voted for the extension of this before if I had not had confidence in you individually—period.

Mr. SMALL. Congressman, I appreciate that. But I do not believe that I personally would vote legislation on personalities.

Mr. FELLOWS. Oh, yes. If I knew who was going to administer a lot of these things that were proposed I could see my way clear as we go along, because perhaps essentially the purpose is good, but I sometimes have no faith in those who are to administer them.

I think many of these agencies have been hurt in their administration when the purpose was good. So I think, with me, personalities have a lot to do with it.

Mr. SMALL. Thank you very much. I do not know whether you know or not that I have been asking for many months for my reward from this Administration, which is to be allowed to go home. But I was accused the other day of trying to perpetuate my job because I, myself, wanted the huge salary that I get that goes with my job, which I do not collect, by the way, because I am still on the Navy pay roll. So there seems to be some difference of opinion about that.

Mr. WALTER. That is just a familiar political argument that you hear always.

Mr. SMALL. I appreciate your confidence, Mr. Congressman. It is very heartening.

Although the effects of these efforts that we have been making, part of it within our jurisdiction, part of it by persuasion, and a great deal of it by cooperation by everybody involved, are beginning to become apparent, a great deal remains to be done.

Let me give you an example. I said this thing was a matter of cooperation by a lot of different people, not only of Government agencies but others. In the cast iron soil pipe industry we had, before the war, in 1941, 52 foundries operating, producing close to 50,000 tons per month of soil pipe. In June and July of last year we were down to 28 foundries operating, producing around 12,500 tons. The industry was working at 25 percent capacity.

We have been hammering at this thing for many, many months, trying to get the foundries back into operation again, doing everything that we could within our field to help them. We got about 35 foundries, I think it is, or maybe it is 37, operating now, and they are producing around 27,000 tons. We have doubled it. But that is not

enough. We have got to get back and get back fast to the 50,000 tons.

Now, what does that mean? It means that part of these foundries are down. Why are they down? They are down for a variety of reasons. The usual, natural reason is, "Oh, OPA won't give us a price." That is the whipping boy of everything.

But a lot of them are down for other reasons than that: Joe Doakes went to war and he hasn't come home yet, or Joe Doakes was killed, and his widow doesn't know what to do about it. Or the management is bad, and they haven't any new management. They need financing. There are a whole host of other reasons—labor shortages, if you like. Price is part of it, and they have been given some price increases. But there are a great many of the problems about reopening those foundries, or the 185 brick and tile plants that are still down and not operating at all, or the several hundred that are operating at less capacity than that at which they could operate. There are a great many of those problems that can be solved at home, on the ground, without making or thinking that your Government must step in and spoon-feed you and answer every problem and effect every cure. The communities themselves have an obligation and a duty here to get these plants running.

We keep preaching that. It is kind of hard to understand. And it is kind of hard to put across.

Another thing that we are involved in is streptomycin. That is a new drug used for many infections which do not respond to penicillin or the sulfa compounds. While its development came too late to permit its use on the battlefield, it is urgently needed for the treatment of wounded veterans. The need for the treatment of injured veterans alone continued through January 31 of this year to exceed production, and we are continuing to do everything possible to expedite completion of new plans for streptomycin production. That means we have to pick out pieces of equipment and take them away from other people on the production line who have ordered them, and shove those people back on the production line in order to get the streptomycin plant completed quickly.

In all of these cases, our principal reliance is on voluntary action by the industries concerned. You would be surprised what a great proportion of the actions that we take are voluntary, just by the use of common sense and patriotism on the part of industry to do these things without our having to crack the whip of the law.

On occasion, priority action has been proven necessary, either because the supplier is bound by contracts to less essential customers or because he is unwilling to accept the order. I say a very great deal of this work is done by voluntary agreement, by persuasion. We would accomplish far less, however, if we did not have the power to act. They would not be so ready to cooperate unless they knew that we had the power to act if we had to use the power.

Penicillin: The supplies of penicillin, like those of streptomycin, are inadequate for unrestricted usage. Here we are taking two actions. First, we are giving priority assistance, where essential, to flow components and materials to the construction of new plants. Increased production again can solve that problem. But in the interval, while capacity is increasing, we are taking the second action, channeling

current production to the most essential needs of hospitals and doctors and away from less essential needs, such as the commercially prepared formulas that will be sold in the drug stores. We need the penicillin most where it can do the most good, which is in the hands of the doctors and the hospitals. We hope before the end of the calendar year 1946 to remove both of these controls. I do not know about streptomycin, but I think we can on penicillin.

Limit the use of scarce materials, and there are a number of them that are acutely scarce. We go back again to tin. With the tin supply situation substantially unchanged the lifting of controls over the use of tin would result in a rapid dissipation of stocks and a period of dearth in which there would be insufficient supplies either for essential food preservation or for minimum industrial production needs. The present stock pile of about 30,000 tons can be made to last until about the end of 1946 by careful husbanding and constant effort to increase imports. Without control, this small stock would be fully dissipated within a few months, and I cannot tell you what it would do to our country if that were wiped out. Tin permeates the whole fabric of our industrial economy. Our tin conservation order permits the use of tin wherever it is clearly necessary, but prevents wasteful or nonessential uses. As increasing supplies come in from abroad, we will continue the policy of gradual relaxation of this control. To date, however, resumption of mining activity in the Far East, especially in Malaya, has been discouragingly slow. It would be dangerous in the extreme to discontinue this control before supplies are adequate.

Lead: There is a world shortage of lead, and while most of our lead is produced in this country, domestic supplies must be heavily supplemented by imports. The basic uses of lead include storage batteries, ethyl gasoline, paint, cable covering, chemicals, collapsible tubes, bearings,terne plate, free turning brass, and so on. The present estimate of 1946 supplies is about 850,000 tons, of which about 110,000 tons will be imported. If our present restrictions on the use of lead remain in effect, the demand can be held to 850,000 to 880,000 tons, while if these restrictions were removed the demand would probably rise as high as 1,300,000 tons, almost 500,000 tons above supply. Meanwhile, our stocks have fallen from a high point at the beginning of 1943 of 276,000 tons to 69,000 tons as of January 1, 1946. It is estimated this will decline to about 40,000 tons on March 31, 1946. If we lifted that lead control tomorrow it would be disastrous to all industry where lead, again, is one of these common things that goes through a terrific amount of material, as in brass.

Domestic production is currently beset with labor difficulties. Miners are now on strike in Utah and Colorado. The workers in the plants of the American Smelting & Refining Co. have just gone on strike. These strikes are crippling between 55 and 65 percent of domestic production. I am afraid we are going to have to tighten up drastically on the uses of lead. We cannot help ourselves. We will have to start at the bottom with the lesser essential things and stop them, so that we can continue the more essential things.

Mr. HOBBS. Did you say 55 to 65 percent?

Mr. SMALL. The strikes in the United States going on this very day are affecting between 55 and 65 percent of our lead production.

Mr. SPRINGER. What is the effect generally on reconversion, in percentage?

Mr. SMALL. Well, here is a thing that runs all through reconversion, just in brass alone. It runs all through reconversion. If we are cut in half, and we have to cut out a lot of these things and reduce others, the effect on reconversion is immeasurable. It is not anything you can reduce to a percentage figure. The thing is, it pervades everywhere; every place where there is a little bit or a large amount of brass would be affected if we had to reduce the amount of brass that could be made because of lack of lead.

All right; we reduce the amount of lead going into batteries. I do not know how many cars we put off the road if we do not make enough batteries to keep them going. In the first quarter we are producing enough batteries so that there will be no serious impact on transportation. But if we have to cut that drastically it is going to affect transportation, definitely.

Your ethyl use could be cut. Collapsible tubes could be cut. Bearings, again, would cut clear across the board on all consumers' and producers' durable goods. Terne plate—what do you turn to from terne plate? If you do not have tin plate you use the terne, if you are going to package these various things, and one of our most serious shortages is in containers of all kinds. We do not have containers of any kind to meet our need—glass, paper, or metal. It is a very serious thing, this lead picture.

The strikes in Mexico which have been going on and have been curtailing our imports have now been settled, but they are still affecting our imports. We are not getting in what we expected to get in. The settlement of the strikes will aid the current acute situation, but there is no evidence of a supply-requirement balance until additional new production is available from sources in the Far East, in the Mediterranean, and in eastern Europe. At the same time there are mounting needs of reconstruction in Europe which are drawing on these foreign sources, which is making it more difficult for us to get what we feel we need over here.

Crude rubber: As I stated last October, the new synthetic-rubber industry places us in the happy position of having no problem on total supplies of rubber. However, crude rubber, which is an essential ingredient in many of these things, either in low proportion or high proportion, comes entirely from foreign sources. In '45 our crude rubber imports were only 134,000 long tons, compared with 1,029,000 tons in 1941. We are getting some crude in. We are going to get some crude in, but far less than we would need for unrestricted demand for crude. Until more nearly normal supplies are available, crude rubber must continue to be allocated to uses for which synthetics cannot serve.

Mr. ROBSION. What is our synthetic production of rubber now?

Mr. SMALL. We either have enough production or enough capacity to produce all the synthetic that we need. But take in your heavy truck and bus tires, you need a very heavy proportion of crude to go into the synthetic. You cannot use synthetic alone.

Mr. ROBSION. You must have the crude?

Mr. SMALL. That is right. Even in the passenger tire there is a small proportion of crude. The more crude you put into the passen-

ger tire up to a certain point the better the tire you get. Naturally we would like to get back to that. But if you lifted the control, and let the crude rubber flow where it will, you would certainly have that stock pile just wash itself out in a hurry and go into these myriads of uses by manufacturers who want to make a better product, like a passenger tire, and they would use it right away. Obviously we cannot take the risk of abandoning that at the present minute.

Burlap: Burlap is another material on which the country is wholly dependent on foreign sources. Inadequate supplies of coal and food in India are continuing to keep production down. It is getting worse. The food situation in India is getting much worse. As a matter of fact, the stories they tell me are terrifying as to what is going to happen over there within the relatively next few months on starving—millions of people we can anticipate dying.

We exercise our control in channeling the available scarce supplies of burlap into agricultural bagging, in order to prevent the loss of perishable foods. Until a combined supply of burlap and cotton bagging material becomes adequate, the absence of such control might easily lead to a diversion of this burlap into other things where we do not actually have to have it. We would like to have it in furniture, automobiles, rugs, linoleum, and other things, but there are substitutes that can be used and they are fairly satisfactory, even if not 100 percent. In the meantime we have to channel it into the place we need it most, which is bagging.

(Discussion off the record.)

Mr. GEORGE B. VEST (counsel, Federal Reserve Board). I have a statement that I would like to offer for the record, if I may.

Mr. HOBBS. We will be delighted. We appreciate your presence. Is there any change in that situation?

Mr. VEST. No change. It is a statement on behalf of the Board recommending extension of title IV.

Mr. HOBBS. Last October or November the Board thought that possibly that power would be made permanent by the Committee on Banking and Currency, as I recall.

Mr. VEST. They still have in mind the possibility that that may be done at some future time, Mr. Chairman.

Mr. HOBBS. So far as the emergency need is concerned, it is the same as it was then?

Mr. VEST. They would like to have title IV included in this bill as it was before, for a further extension.

Mr. HOBBS. Thank you very much.

Without objection, Mr. Vest's statement is received and spread on the record at the appropriate place.

(The statement referred to is as follows:)

EXTENSION OF AUTHORITY FOR FEDERAL RESERVE BANKS TO PURCHASE GOVERNMENT SECURITIES DIRECTLY FROM THE UNITED STATES

(Statement submitted by Hon. George Vest, counsel, Board of Governors, Federal Reserve System)

Title IV of the Second War Powers Act authorizes the Federal Reserve banks to purchase directly from the Treasury obligations of the United States, with the proviso that the amount held at any one time shall not exceed \$5,000,000,000. It should be noted that purchases and sales of Government obligations can be

made by the Federal Reserve banks either in the open market or directly from the Treasury only by direction of the Federal Open Market Committee, which consists of the members of the Board of Governors and of five representatives of the Federal Reserve banks. The guiding principle for open-market operations is stated in the law in the following language: "The time, character, and volume of all such purchases and sales shall be governed with a view to accommodating commerce and business and with regard to their bearing upon the general credit situation of the country."

The authority for direct purchases (which expires on June 30, 1946) should be extended for the following reasons, among others:

1. Treasury transactions unavoidably will have to be large for some time to come, particularly in connection with the refunding of the Government debt.

2. The direct buying authority provides the Treasury with a source to which it can turn for funds in substantial amount on little notice to meet temporary situations and contingencies that might arise in the uncertain postwar period.

3. In the absence of this power for use in such cases the Treasury would be obliged to make arrangements by which its securities would be sold to dealers in the market with the assurance that they would be repurchased by the Reserve banks. This procedure not only would be inconvenient and troublesome but would increase the expense of the operation without serving any useful purpose.

4. It is a flexible mechanism to ease the money market in periods of heavy drain, as, for example, around income-tax dates. By borrowing from the Federal Reserve banks and expending those funds prior to tax dates the Treasury puts funds into the market; as the taxes are received these special borrowings are reduced in amount and soon retired.

5. It avoids the necessity of having the Treasury offer Government obligations for sale on the open market at a time when the market might be uncertain and an additional public offering might add to the confusion of the market and do harm to the Government's credit and to the holders of outstanding Government obligations.

6. Such purchases have been made principally to avoid temporary declines in member-bank reserves around income-tax dates and to supply funds to the Treasury pending receipts from taxes or new issues of securities.

7. The Treasury can operate with a smaller cash balance than might be necessary if it were required to carry a balance sufficient to provide for all possible contingencies, thus effecting an interest saving to the Treasury.

Since this act was approved on March 27, 1942, it has only been used occasionally and for brief periods, the attached table showing the dates and amounts of Treasury certificates so purchased by the Federal Reserve banks.

Holdings by the Federal Reserve banks of special short-term Treasury certificates purchased directly from the Treasury since March 1942

[In millions of dollars]

Date	Amount	Date	Amount	Date	Amount
1942—June 16.....	58	1943—Mar. 6.....	543	1943—June 15.....	805
June 19.....	70	Mar. 8.....	591	June 16.....	659
June 20.....	47	Mar. 9.....	648	June 17.....	350
June 22.....	34	Mar. 10.....	632	June 18.....	256
June 23.....	94	Mar. 11.....	790	June 19.....	212
Sept. 15.....	324	Mar. 12.....	940	Sept. 8.....	11
Sept. 16.....	189	Mar. 13.....	1,043	Sept. 9.....	126
Sept. 17.....	286	Mar. 15.....	1,302	Sept. 10.....	243
Sept. 18.....	76	Mar. 16.....	1,250	Sept. 11.....	246
Sept. 19.....	53	Mar. 17.....	981	Sept. 13.....	214
Nov. 27.....	139	Mar. 18.....	836	Sept. 14.....	179
Nov. 28.....	329	Mar. 19.....	778	Sept. 15.....	424
Nov. 30.....	422	Mar. 20.....	768	Sept. 16.....	258
Dec. 1.....	98	Mar. 22.....	603	1945—Mar. 15.....	4
Dec. 10.....	16	Mar. 23.....	700	Dec. 4.....	107
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Mar. 2.....	3	Mar. 27.....	304	Dec. 8.....	484
Mar. 4.....	174	Mar. 29.....	104	Dec. 10.....	202
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Mr. HOBBS. Title V is with regard to navigation. I imagine we will hear Admiral Spencer on that. Is there any necessity for a change there?

Rear Adm. LYNDON SPENCER. There is no change there. The need still exists as it did last October.

Mr. HOBBS. And your recommendation is the same?

Admiral SPENCER. Yes, sir.

Mr. HOBBS. Would you care to file a statement with regard to that?

Admiral SPENCER. I have no prepared statement. I will be glad to prepare one, if you like.

Mr. HOBBS. If you would rather testify, we of course will be glad to hear you.

Admiral SPENCER. I will be very glad to prepare a statement and submit it to the committee.

Mr. HOBBS. That will serve the same purpose. If you do that, without objection we will accept that in lieu of testimony.

Now then, with regard to title VII, as it relates to the Hatch Act, I take it we need no testimony on that score.

Mr. FRANK S. KETCHAM (assistant general counsel, OPA). We feel that the needs for that title are even greater now, because of the difficulty we are having in getting our price and rationing boards.

Mr. HOBBS. I wonder if the same modus operandi would be satisfactory.

Mr. KETCHAM. We will be very glad to submit a statement.

Mr. HOBBS. Thank you very much. Without objection, Mr. Ketcham will be good enough to furnish us with a statement, and it will be received.

Mr. WEMBLE (assistant general counsel, Navy Department). I was not quite clear. I wanted to make sure. I could state briefly on behalf of the Navy that we recommend further extension of titles I, II, and III, and we will be glad to submit a written statement to that effect.

Mr. HOBBS. Will that serve your purpose?

Mr. WEMBLE. Yes, sir; it will.

Mr. HOBBS. Thank you very much.

That is, you recommend the same action we took last December?

Mr. WEMBLE. Yes, sir; and we would recommend that titles I and II be carried along for the same period as title III, which I believe is the main issue here.

Mr. HOBBS. I mean, there was a change in our bill last fall, which was passed in December, with regard to title II.

Mr. WEMBLE. That is right; no change except the extension.

Mr. HOBBS. Now then, title XI is the acceptance of gifts from foreign nations, which affects the exchange with people across the sea.

Mr. KLAGSBRUNN. We do not ask that title XI be extended beyond June 30 of this year. The Army says it is no longer necessary, and we do not recommend its extension.

Mr. ROBSON. I wondered if anybody had given us anything from across the sea.

Mr. FEIGHAN. I would like to inquire first if they are using the provisions of title XI for any other purpose than the acceptance of funds from France for the payment of our soldiers, which I assume is still in process.

Mr. KLAGSBRUNN. We are advised that that is the only purpose for which it has been used for some time, and that will be no longer necessary after June 30 of this year. I am not familiar with the exact arrangements the Army is making.

Mr. FEIGHAN. You do not want any continuation?

Mr. KLAGSBRUNN. No; we do not ask for any continuation.

Mr. HOBBS. Then, title XIV, with regard to the census, and giving it permission to give to our other agencies such information as they have.

Mr. KETCHAM. Our reasons for requesting that extension are the same as they were last time, and we would like to file a statement.

Mr. HOBBS. Then all the witnesses with regard to those matters may be eliminated. We are very grateful for your presence, and we will appreciate your statements in lieu of testimony, because that will eliminate all necessity for your presence unless you care to remain, which, of course, we will be glad to have you do, but there is no need for cross-examination or for any question, so the committee indicates, and, therefore, with the thanks of the committee you are excused.

(Discussion was had off the record.)

Mr. HOBBS. Does that leave anyone who has testimony to offer that we might eliminate?

Mr. CURRIE (Office of Economic Stabilization). Mr. Bowles would like to prepare and submit a statement urging the extension of the Second War Powers Act. He would also be glad to appear and to answer any questions if the committee wishes him to do so.

Mr. HOBBS. I think it might be very well if he could spare the time to come, because I am sure the committee would like to ask some questions with regard to that agency, especially in line with the bill that is now pending. We think the food situation and the housing situation have made it very important that we find out the necessity for the present bill and why the extension of the Second War Powers Act and the action by the OPA on prices might not give to the veterans, and to all others who need housing, much of the relief that is contemplated under this bill. So there will be quite a number of questions, I have no doubt, which the committee will want to ask.

If there is no objection, we will be glad to receive any statement Mr. Bowles cares to make, or anyone for him. Is there any objection? (None.)

Now, then, gentlemen, the House is, of course, in session, but we will run along with those who can afford to remain, and see if we can conclude with Mr. Small's testimony and any questions you may care to ask him.

Mr. SMALL. Tin plate: Prior to the steel strike, the use of tin plate was restricted by conservation orders to the more essential uses due to the scarcity of tin. But since the strike has occurred and has taken out of our production a very substantial amount of steel—about 6,000,000 tons of total product steel; about 8,000,000 tons of ingot steel—it has affected tin plate comparably, and we have had to put out here in the recent past a much more restrictive order to insure the maximum use of available supplies for the preservation of perishable foods and packaging of certain drugs and biologicals. That is going to be disruptive. It is going to hurt a lot of people, but nevertheless if we are to save the food pack we had to institute, or reinstitute, that control.

Inventory control: The need for inventory control has not changed since last fall, and it is still difficult to say just how long such control is needed. It seems pretty clear, however, that as long as there are serious shortages of materials or possibilities of higher prices there is an incentive for companies all along the line to stock up on goods which they will need in their operations. You will all recall the disastrous cycle of sharp inflation and deflation in the years 1919-21, in which first the accumulation and later the unloading of excessive inventories played an important part. Current conditions appear to threaten a repetition of the post World War I catastrophe. For this reason, I believe that there is a need for inventory controls at this time and that this need will exist beyond June 30, 1946. The only sure way of making inventory controls unnecessary seems to me to be an increased supply of goods brought about through continued and increased production. If you have goods in abundance you do not need to worry about inventory.

Apart from its general effect on economic stabilization, the hoarding of scarce materials by some producers deprives others of an opportunity to put those materials into employment-creating use. Such hoarding is likely to impinge with particular severity on small business concerns lacking the resources to compete effectively in a buyers' scramble. It has been and will continue to be a major element of Civilian Production Administration policy to minimize such scrambles, hoarding, or preemptive buying.

Our priorities regulation 32 establishes strict inventory limitations over all manufacturers. It is reviewed monthly to remove from control materials no longer scarce and to tighten control on other materials where needed. Similar regulations prevent accumulation of excessive inventories by wholesalers and retailers. Enforcement of these controls is one of the principal responsibilities of our field-compliance force.

Take, for example, your shirt man. If the fellow is making garments, or making anything, and is not selling them, just holding them in inventory, there are plenty of others. We have plenty of sewing machines and plenty of labor and plenty of people who want to make those things, who will make them and sell them. Therefore we forbid him to take any more material in. That makes that material flow to somebody else, and we control it and they sell it.

Mr. FELLOWS. That is the way you control it, is that it?

Mr. SMALL. That is right. Now, if it is something that is vital to our economy, and there are a number of things that are, and the fellow will not make it for one reason or another—selfish reasons, usually, more profit in something else—and we had to have it, like varnished cambric for insulation for small motors, we could and would use our powers to force him to make that thing, but only if he made it at a reasonable profit. We would not require him to make it at a loss. That is my feeling.

Mr. SPRINGER. I noticed, Mr. Small, in the newspapers recently, that the Attorney General had started some action in some of those cases. Are you familiar with what particular cases those are against which he has instituted?

Mr. SMALL. The Attorney General usually, where we find a violator of one of our regulations—take our inventory regulations; if we find

a violator, we accumulate all the data, give it to our legal department, and they present it to the Department of Justice, who in turn present it in the courts. I presume that is what you are referring to.

Mr. SPRINGER. This article to which I referred indicated that several actions had been started.

Mr. SMALL. That is correct. There are actions under way all the time. We do not publicize it. We do not try to make the headlines with these things. We are doing an awful lot of compliance work, and on the whole, clear across the country, we have had, through the war period, a job being done. There are a few that are chiselers. By and large I think people are pretty honest and pretty decent, but they also have their own ideas about what is fair and what is right, and, we have only 350 in the field on compliance, and they have to cover the water front on everything, all these things you are talking about—and that is not very many people to act as a police force for the country for all of our regulations. But we do grab off one now and then that startles the rest of them.

Priorities assistance to break bottlenecks which impede the reconversion process: Adequate production of everything we need is the only satisfactory solution to the elimination of bottlenecks. This objective cannot be achieved for many, many months to come, I am afraid. Our expectations immediately following the end of the war that virtually all production and distribution controls might be eliminated by June 1946 were qualified by the assumption that production would go forward without undue interruptions. This has not been the case. The coal and lumber work stoppages last fall and the recent steel strike are examples of many similar occurrences which have seriously retarded reconversion. The loss of 6,000,000 tons of steel cannot be made up. That steel is lost, in point of time. The effects of this loss have not only made the job of the Civilian Production Administration much more difficult, but will be felt throughout our economy right through 1946 and into 1947. We will still be feeling the loss of that 6,000,000 tons. We do not desire nor feel it will be necessary to reinstitute a complete allocation system for steel. It would be terrible, I think, if we had to go into anything like that. We do know, however, that occasional emergency actions will be required to avert serious dislocations in production or in other segments of our economy. Our recent action, which I have already outlined in connection with tin plate for food preservation, is an example of this. Action is also being taken to assure sufficient steel for the production of brake shoes for railroads which are at a dangerously low level of supply and without which the transportation system of the country would break down. They are about down to 1 week's inventory. They had to get some of the first steel coming off the line if we were to get the brake shoes in to the railroads in time for them to avoid slow-downs at the very time when we need all the rolling stock that we have got.

The types of actions just described, which affect entire industries, are of the utmost importance, but fortunately are not generally necessary. Most bottlenecks occur in individual plants in connection with one or two items of material or equipment and can be handled with less drastic action. In fact, most of them are handled without formal action on our part by merely bringing the buyer and seller together with a mutual understanding of each other's problem. When formal

action is necessary, however, it is taken under Priorities Regulation 28, which provides for the granting of priorities assistance in individual cases if the applicant qualifies under the terms set forth in that regulation.

I repeat again, we would not be half as successful in getting voluntary adjustments on these things if they did not know we had the power to use if they were unreasonable.

Mr. HOBBS. A shotgun in the corner?

Mr. SMALL. That is right.

Mr. HOBBS. You do not have to put it to your shoulder if you have it in the corner.

Mr. SMALL. That is right.

I have here a number of typical Priorities Regulation 28 cases that I think I will read.

Upon the recommendation of the Department of Agriculture, priorities assistance was granted to manufactures of corn dryers to obtain materials needed for the completion of units to be used to dry very large quantities of moist corn which would otherwise have spoiled. There is a case where we had a weather condition. We had to get the corn dryers in, and had to get them in quick, and take the material away from other things and put it into the corn dryers as being the more urgently needed.

A small manufacturer of industrial trailers was given assistance in obtaining tires for his completed units, thus making these badly needed trailers available to the trucking industry and also preventing the manufacturer from shutting down his plant. Similar assistance was given to a manufacturer of farm wagons who was unable to obtain tires even though the units were complete and ready for sale except for this one item.

A manufacturer of oil burners was granted assistance to obtain fractional horsepower motors without which it would have been impossible for him to market his product. One little item would have meant shutting down his whole operation.

A small manufacturer of transformers was assisted by granting him priorities assistance to obtain a magnet wire without which it would have been necessary for him to close his plant.

Priorities assistance was granted for the procurement of certain key pieces of machinery necessary to the completion of an ice-manufacturing plant which was badly needed for the icing of refrigerator cars, and, as a result, according to the Department of Agriculture, we prevented a rather large spoilage of food.

We have given a great many veterans help in reestablishing themselves.

Mr. FELLOWS. This proposed housing bill gives to the so-called Expediter the power to channel, under this War Powers Act, to the GI. You have that power now.

Mr. SMALL. Yes, we have it now. The reason for putting it in the that act is that the need for that particular function will, undoubtedly, in my opinion, continue for longer than the need for these other things.

Mr. FELLOWS. Well, you have the power. You have the power to do just that.

Mr. SMALL. And we do do it, now.

Mr. HOBBS. What about the length of this act now? What about the length of the Housing Act?

Mr. FELLOWS. June of 1947.

Mr. HOBBS. That is what you are asking for in this.

Mr. SMALL. There is no question in my mind, at least, as one citizen, that we need this for a great many other reasons than housing.

Mr. HOBBS. Sure.

Mr. SMALL. But I do not know whether you are going to pass the housing bill or not.

Mr. SPRINGER. This covers the housing situation.

Mr. SMALL. This covers that portion of housing having to do with the channeling of materials.

Mr. SPRINGER. And if this power is extended to June of '47, you will obtain the same result as you obtain by the passage of that bill over in the House.

Mr. CHELF. If that particular provision of the Housing bill were deleted, could your powers operate and carry it through to make the housing program work?

Mr. SMALL. You mean on that specific phase of it alone?

Mr. CHELF. Yes.

Mr. SMALL. Yes, it would; but also my honest opinion is that you ought to put it in the Housing Act. I think it should go in there as well as here.

Mr. CHELF. I am just trying to reconcile the thing in my own mind, that if we have to give and take, which we may have to do, would the primary object, purpose, and incentive of the housing bill be defeated on that particular score?

Mr. SMALL. It would be defeated if this act were rescinded at any time. It would be defeated; yes.

Mr. HOBBS. But at present that power has already been extended to June 30, 1946?

Mr. SMALL. Correct.

Mr. HOBBS. And if it be extended for another year, then you can go right on?

Mr. SMALL. That is right.

Mr. HOBBS. And the same people would handle it who now handle it, with the additional spur of the expediter.

Mr. SMALL. I would like to go into that for a minute, if you want to divert to that thing.

Mr. HOBBS. Please do. That is very important.

Mr. SMALL. Under our powers, title III of the Second War Powers Act, we have delegated powers to FHA to grant priorities assistance to build these houses. That is your priority and your allocation function.

Now, at the same time we, as CPA, have to see to it that a great deal of the other things that must be done go ahead. We had figured back in the fall of last year that the materials that we hoped would be available, using every power that we had to help, but even if we had all of the breaks and we got all of the material produced that we believed could be produced, using all these powers—that is, all the brick plants back working again, all the soil pipe plants back working, and all of them working at full speed—that we could support with material a construction program, a new construction program, of

about \$7,500,000,000 plus \$5,000,000,000 worth of repair and maintenance for existing structures—farm, industrial, commercial, and housing.

That program of \$12,500,000,000 includes everything—private, public, State, Federal, local, everything that you can think of, industrial and commercial as well as housing.

Now, Mr. Wyatt's program adds about \$2,500,000,000 worth of housing, bringing it up from \$12,500,000,000 to \$15,000,000,000. You cannot do it. We do not have that much material to make \$15,000,000,000 worth of construction and repair and maintenance. Something has to come out.

What we have got to do is to take out those things that are least essential, or that are deferable, including housing over \$10,000 that is not essential or is not needed, and including all industrial and commercial and Federal and State and local, or whatever the project may be, unless it is essential.

The way we plan on doing that, the plan that we now have in operation, is to set up—for CPA to set up—in the towns, the communities, where they have an FHA office, a CPA construction office. There are 71 FHA offices, all of which do not need to be covered. There are 65, I think, that we would have to cover, to set up the CPA man as a CPA construction office, and he would handle all of the applications for products other than housing, and I include in housing the multiple dwelling unit as well as the single dwelling unit, the apartment houses, and all the rest of it.

We propose that our CPA man would have supporting him, working with him, a committee of outstanding citizens representing the governor of the State, if you like, or if it were in a big community like Chicago or New York, representing the mayor; representing management, the chamber of commerce, if you like; representing labor, the building trades; representing the building material people; a committee of strong, outstanding people on whose judgment the community would rely, and have these projects go before them and let them determine, first, Is this project essential? If it is, then, Is it deferable? If it is deferable, reject it. And screen out enough to bring down the total of construction and repair and maintenance to the point where we will have materials enough to support it.

That exercise of judgment at the local level would seem to me to be far better than any bureaucrat can give sitting at any desk anywhere, whether it is in Washington or out there in the field; that these people, who know the local peculiarities, the local problems with which they are confronted, can make the decision.

Mr. HOBBS. And who know the local people.

Mr. SMALL. Let them pass the judgment. The judgment, of course, would be our man's, because the Government has to decide it, but he would do that with the advice and counsel of this group.

I would say that in a community, for example, where there was a lot of unemployment and the housing shortage was not too severe that that community would give the push to construction that would create jobs—a new plant, a new factory, whatever it might be, to create jobs to relieve unemployment. But in a community where there was an acute shortage of workers as well as an acute housing situation, they would certainly be awfully tough on putting in a new plant to

create new jobs when they did not have enough people to handle the jobs that they had.

Or take another instance. In a community like Washington, if you put up a subdivision out here of 150 or 500 houses and they do not have a grocery store or drug store or what not within 3 or 4 miles, certainly they ought to be allowed to build a drug store and a grocery store and whatever else was indispensable for community existence. But if somebody came in with a project to put up a drug store on a corner where the three other corners had drug stores, I would say that that committee would turn it down. They would certainly turn down a lot of stuff that would be deferable and would save material.

Mr. HOBBS. And would they not have the additional advantage of a broader field of knowledge and observation?

Mr. SMALL. Yes, sir. Therefore, in this other construction, and in other maintenance and repair, CPA's job, and the job of CPA's man in the field, would be to do something comparable to what we have been doing in the case of manufacturers. If a fellow has his store completed except for some metal framing for his windows and he cannot get it, all right, let's give him some help and let him finish it and get it done, and offer whatever it might be to get it done, just using the rule of common sense, letting them settle it out in the field, appealing to Washington if they are dissatisfied and think their project is essential to the economy.

Does that make it clear?

Mr. HOBBS. Yes; and you would not leave it to the man who had a single-track mind and a single-track objective.

Mr. SMALL. I will take one example, galvanized sheet. You use an awful lot of galvanized sheet in construction. You take in warm air ducts for your heating. They would eat up all of your galvanized sheet. If you let an undue amount go into that particular thing, or in any other use for galvanized sheet in housing, your impact falls clearly on farm machinery, because that is the big user of galvanized sheet, and we need the farm machinery just as much, if you like, as we need housing, and certainly we need galvanized sheet out on the farms for their repair and maintenance. That is where a lot of it goes. You cannot be single tracked on this thing. You have to have the broader vision of the other fellows.

You might be interested in this: Back in the early days of the war I was over in the Navy, and the War Production Board came over with an order prohibiting the manufacturing of a lot of things made out of metal, particularly steel. They wanted me to O. K. it on behalf of the Navy. I said I would not do it without reference to the bureaus of the Navy.

"Why not?"

I said, "Because I don't know whether these things are important to the bureaus or not."

They said, "Now, listen: BB shot, cocktail shakers, bird cages. You certainly cannot object to our eliminating the production of those things."

I said, "No; I don't object to it; but you can't do it with the Navy's acquiescence until I have had the bureaus' answers."

Well, they thought I was a pretty stubborn fellow, but they finally gave me 48 hours, I think it was, to find out what the bureaus said

about it. I shot it out to the bureaus, and the first three answers that came in, to my extreme surprise, were violent objections to BB shot, cocktail shakers, and bird cages.

BB shot the marines used in their subcaliber training, and if you did away with the BB shot it would cancel out most of their equipment. They could not train their people.

Cocktail shakers? The Bureau of Medicine and Surgery used them on mechanical mixers for egg-nogs, and on shipboard they wanted the metal.

Bird cages? Obviously the Air Corps, carrying pigeons in planes, did not want any wood in the planes.

Who am I to know the impact of anything as simple as BB shot? How are we to decide these problems? The people out in the field—they know the answers far better than we know them.

It should be reemphasized that priorities regulation 28 was not intended, and will not be used, as a substitute for individual self-reliance and resourcefulness. It is not a gravy train for a fellow to ride who does not want to work, who does not want to go out and do a job of buying just as he used to do before the war. We do not want to encourage industry to come to Government for priorities when the exercise of their own initiative would enable them to satisfy their needs. Applications are rigorously screened and are approved only where the need is demonstrated beyond question. The great majority of the cases thus far approved involve small quantities of materials to be used in small manufacturing plants. The exercise of this authority is sparing in the extreme and is maintained only to adjust those few serious inequities which are inevitable in this transitional period of materials shortage. As production grows, the need for this instrument will disappear and its use will be self-liquidating, but as I have already stated, that time is not yet here. Until the effects of past and present work stoppages have disappeared, his means of rendering assistance in individual cases of emergency should be maintained, and I am convinced that our experience indicates that much unnecessary hardship can be prevented, particularly in the case of small purchasers, through the careful use of our priorities authority under this regulation.

The fulfillment of relief and other essential export programs: Through cooperative arrangements with the Office of International Trade, Commerce Department, the Civilian Production Administration is continuing to take steps to prevent the undue drain abroad of materials or products in short supply in this country. In certain types of cases, however, positive assistance must be given to exports to fulfill international commitments or to obtain supplies from abroad which are vital to reconversion.

Certain crucial import programs cannot be carried through without incentive trade goods and necessary production equipment. These programs include tin, crude rubber, manila fiber, leather raw materials, fats and oils, quinine and quinidine, and other products. In many such cases money alone is no inducement to the foreign production; it must be supplemented by goods such as textiles, household utensils, bicycles, small hand tools, and miscellaneous consumer's goods. Restoration of production requires prompt delivery of such items as heavy dredges, transportation equipment, tractors, power

shovels, machetes, and the like. Since the affected foreign areas are often not long-run postwar markets, industry is sometimes reluctant to provide supplies without Government action. In such cases, the existence of the priorities authority, which is used only when needed, makes it possible to insure speedy delivery of these materials and to obtain the most rapid possible increase in these important reconversion supplies.

Assurance of minimum supplies for relief and rehabilitation in war-damaged areas is a matter of high public policy repeatedly reaffirmed by the President. Such requirements include not only supplies for UNRRA, but also for the European paying countries, such as Belgium, Holland, and France, and for the barest minimum needs of the Philippine Islands, China, and the Netherlands Indies. These items include textiles and clothing, hospital equipment and medical supplies, coal-mining machinery, transportation repair parts, and certain types of factory equipment. Here, too, the affected areas are often not sufficiently attractive as long-run postwar markets to be assured of supplies without priorities assistance.

Would you like to ask any questions about this export procedure?

Allocation for production of low-priced items essential to the stabilization program: As a part of the general stabilization program, the Civilian Production Administration has worked with the Office of Price Administration in developing the low-end clothing programs. When I appeared before you last October, I expressed the hope that production would be sufficiently increased by the end of 1945 so that continued action of this type would no longer be needed, and that ample supplies of low priced clothing would again be flowing into retail channels on a free market basis. Unfortunately, production of textiles has not increased as we had expected. This is due largely to insufficient labor, although in the last month a slight increase in workers has resulted in a moderate increase in output. We have, therefore, found it necessary to continue the clothing programs into the first and second quarters of this year.

At this time, it is too early to predict accurately the third quarter production and distribution situation. Should it be determined necessary to continue these programs beyond June 30, 1946, the Civilian Production Administration should have the necessary authority to channel scarce fabrics into the hands of low cost clothing manufacturers and to distributors of low cost piece goods for resale.

There has been a price problem, but through the efforts of a joint OPA-CPA committee working with the industry, a plan is being developed which should help increase the flow of materials into the production of low cost clothing. Inventories are at an all-time low and must be replaced. There is no prospect that the production of textiles will meet the demand in the near future. Shortages of cotton fabrics have presented difficulties in the manufacture of clothing, food bags, electrical insulation, mechanical rubber goods and many other industrial fabrics. Shortage of rayon linings has affected the low-priced apparel programs.

Housing: As you know, the CPA, at the request of the President, put into effect a housing program, known as the Reconversion Housing Program, under our priorities regulation 33, first issued December 20, 1945, and effective January 15, 1946. This called for the con-

struction of approximately 400,000 moderate cost houses and apartments, to be made available to veterans of World War II at sales prices or rents approved by the Federal Housing Administration.

This program was set up under the allocation and priorities powers in the Second War Powers Act, and was in general based on the methods and techniques used for war housing before VJ-day.

In order to carry out the Reconversion Housing Program, the following kinds of allocations may be necessary, and have been used when necessary:

(1) Brick, lumber, soil pipe and other materials going both into houses and into other kinds of construction have been allocated to the reconversion housing program, by the use of HH ratings and set-asides.

(2) The use of a large part of the supply of brick, lumber, soil pipe and such materials in the housing program is reducing the remaining supply available for commercial and industrial construction so much that it has been necessary to increase the amount of priorities assistance given to the more essential of these other users.

(3) Shortages of raw materials needed for the production of building materials may require the use of the priorities and allocation powers, both by channeling them to the building material producers and by channeling the balance to and among the other essential users. For instance, if we should have to allocate pig iron to producers of cast-iron soil pipe, radiation and bathtubs, it might well be necessary to allocate some of the balance to manufacturers of cast-iron brake shoes or to meet similar critical situations.

(4) In order to increase the production of building materials, we have had to give the producers priorities assistance for capital equipment needed by them, such as saws, logging equipment, and brick or concrete block-making equipment.

Most of these uses of the priorities and allocation powers have been found necessary and, I believe, will be necessary to carry out the reconversion housing program, the hospital program of the Veterans' Administration, essential military and naval construction, and the minimum of essential industrial and commercial construction required if reconversion is not to be retarded.

Mr. Wyatt, the Housing Expediter, has now prepared a greatly expanded veterans' emergency housing program, with which you are undoubtedly all familiar. In order to carry out this enlarged program, it will be necessary to use the priorities and allocations powers in the four ways I have just stated, and to use them to a much greater extent. In addition, Mr. Wyatt has requested that the priorities and allocation powers be used to require the postponement of all deferrable and less essential construction.

Neither our original reconversion housing program nor Mr. Wyatt's enlarged veterans' emergency housing program can be carried out without the use of the priorities and allocation power. The extent to which the Second War Powers Act will be needed for the housing program depends upon the size of the program and upon the form in which the priorities and allocation power now contained in the Patman bill may be enacted.

Mr. FELLOWS. You are asking that this be continued for 1 year?

Mr. SMALL. Yes, sir. I am recommending that it be continued for 1 year on the clear understanding that it be exercised during that period only where we have to, and that it be reduced in size as rapidly as we can reduce the exercise of the power.

Mr. HOBBS. Mr. Washington has been very gracious in coming as a representative of the Department of Justice. We understood he was just standing by in case any questions came up. We would like to ask him if he cares to make any statement.

Mr. WASHINGTON. We have no formal statement, but if there is any question that is to be asked of us, we will be happy to answer it.

Mr. HOBBS. Any time anything turns up that you need to make a statement on, we will appreciate your doing that. We thank you so much, sir.

The committee will stand in recess until 10 o'clock tomorrow morning.

(Whereupon, at 1 p. m., a recess was taken until 10 a. m. of the following day, Tuesday, March 5, 1946.)

TO AMEND THE SECOND WAR POWERS ACT, 1942, AS AMENDED

TUESDAY, MARCH 5, 1946

HOUSE OF REPRESENTATIVES,
COMMITTEE ON THE JUDICIARY,
SUBCOMMITTEE No. 4,
Washington, D. C.

The subcommittee met at 10 a. m., Hon. Sam Hobbs (chairman of the subcommittee) presiding.

Present: Representatives Hobbs (chairman of the subcommittee), Feighan, Chelf, Hancock, and Springer.

Present also: Representatives Celler, Walter, Byrne, Russell, Bryson, Lane, Talbot, Lewis, and Jennings.

Mr. HOBBS. The subcommittee will come to order.

The first witness this morning is Mr. Crow, of the Department of Agriculture. We are delighted to have you with us, sir, and we will be delighted to hear your testimony.

STATEMENT OF W. C. CROW, ACTING ASSISTANT ADMINISTRATOR, PRODUCTION AND MARKETING ADMINISTRATION, DEPARTMENT OF AGRICULTURE

Mr. Crow. Much of the information that Mr. Small gave yesterday would apply to our situation with respect to food. The only difference is that our illustrations would be different from the ones he presented, but the general situation that we are trying to meet is just about the same. There is one slight difference, I believe, in emphasis between his problem and ours. Mr. Small emphasized the things that his agency has to do to help cope with problems within this country. In our food program our greatest problem at the moment is getting sufficient food for shipment abroad, because, relatively, we are fairly well off in our own country for food supplies, but are having real difficulty in getting the necessary amount of food to send abroad.

After Mr. Small's statement yesterday we thought that to conserve your time we could leave out a number of illustrations and give a much briefer statement than we otherwise would have had to give.

If the Department of Agriculture is to carry out its responsibilities in connection with the Nation's food program during the period that lies ahead, extension of the Second War Powers Act is imperative. Recent deterioration of food crops of the 1945-46 season has reduced the per capita world output of food products to a level about 12 percent below the prewar average of 1935-39. Production of nearly all staple

foods during the 1945-46 season is below prewar. The decline in wheat production amounts to about 8 percent; rye, 15 percent; rice, 16 percent; and sugar, 18 percent. Sharp reductions also have occurred in the production of fats and oils, eggs, meats, and dairy products in many of the principal producing countries.

Mr. SPRINGER. Mr. Crow, right at that point, I assume your figures and the percentages you have given on the production assume we have a normal and favorable season, do they not?

Mr. CROW. That is based on the crop year that is just closing, and the best information that we can get about the situation. You see, the 1945-46 crop year is the one that we harvested last fall, and in some parts of the world along about this time of the year, and in some of those countries their facilities for obtaining figures on their production are not very good in normal times, and in this postwar period they are quite poor, but the figures represent the best information we can get from all of these producing countries.

Mr. SPRINGER. In the event we should have a poor crop season this coming year—

Mr. CROW. Then it would be still further reduced for the season just ahead of us; that is right.

Mr. HANCOCK. Do you not estimate some improvement in the crop season ahead of us?

Mr. CROW. If we assume normal weather conditions, we do expect some improvement in some of the European countries and perhaps in some of the other areas, but they are so dislocated, their transportation is so torn up, and their over-all situation is so poor, that it is difficult to measure the amount of improvement that might be expected, but we think there will be some improvement with normal weather.

Mr. HANCOCK. We hear there is going to be a very substantial program in the production of wheat in the Ukraine, for example.

Mr. CROW. That is our information, too. We think there will be some improvement in France, and in some other countries in some of the commodities, too, but, of course, at this early stage it is still somewhat in the realm of guesswork as to what it actually will turn out to be, so we are really speculating on it.

The extent of food shortages, of course, varies considerably among the different countries of the world. The severe drought and results of war devastations in continental Europe reduced food production in that area about 25 percent below the prewar level, making food production on a per capita basis somewhat lower than it was in 1919. A prolonged and extensive drought in French North Africa has reduced production to about half of prewar levels, so that instead of being a net exporter of food during the current year that country is requiring large amounts of imports. Shortages of fertilizers and labor and unfavorable weather for maturing of the rice crop have reduced food production in Japan to only slightly over three-fourths of the prewar figure. Many other areas of the Far East have also experienced large declines in food production, particularly the surplus rice-producing areas of southeastern Asia, where production during 1945-46 is estimated to be little, if any, above domestic needs.

This shortage of rice for export makes the food situation unusually critical in those areas normally depending upon imports for a part of their food supply. The United States and Canada, the British

Isles, the middle eastern countries and portions of Latin America are the only areas where food production in 1945 was above the prewar average. These countries must make substantial contributions of food to supplement the production in other parts of the world to prevent hunger and starvation.

We in this country have been consuming about 3,300 calories per person per day. More than 125,000,000 people in Europe, in contrast, will have to subsist on less than 2,000 calories a day, Twenty-eight million will get less than 1,500 calories a day, and in some parts of Europe large groups will receive as little as 1,000 calories.

Because of these food shortages it will be necessary to use the power created by the Second War Powers Act to allocate food in the public interest and for defense purposes. Since the beginning of the national emergency the Department has extensively employed the priorities and allocations power. While it has been our policy not to use the power except when no other course was available, it has been necessary to issue a total of 185 basic food orders, which in turn have required the issuance of approximately 2,000 suborders and amendments. We have exercised the power in this manner for the purpose of providing food for the needs of our armed forces and of our allies and in order to distribute equitably the available supply of scarce foods among our civilian population.

Mr. HANCOCK of New York. Do you work with UNRRA on allotting food to the different countries?

Mr. CROW. Yes. The way that works, the various claimant agencies, including UNRRA and Britain and Russia and all the others, come in with an estimate of their requirements.

Mr. HANCOCK of New York. To you?

Mr. CROW. That is right. That is usually channeled through what is known as the Combined Food Board, which assembles the requirements for all parts of the world and the available food supplies from all parts of the world, and they then figure which areas can best be supplied by food from what parts of the world in order to save transportation and the cost of getting it there. Then we come on down to the estimated requirements to be filled from this country. Within our Department, then, we make the allocations of available supply against the requirements placed on this country for foods, of course, after a great deal of bargaining, because the requirements for many foods are far in excess of the quantity that we have available and we have to get requirements cut down or urge people to take substitute products. Sometimes we will have a relatively better supply of one commodity than we will of another when the two commodities serve almost the same purpose, so we get quite a bit of substitution.

Mr. WALTER. To what extent are other nations participating in that?

Mr. CROW. We at one time were sending supplies to a very large number of the foreign countries—France, England, north Africa, Russia, Britain, Australia, and some of the other British Dominions, the British Admiralty, and their war office. We sent a very small amount of food into South America, in connection with a rubber project we had down in Brazil, where we had to do a little feeding. We have sent food to Puerto Rico and Hawaii at one time or another. Of course, as of any particular moment some of those nations may not be getting anything. They are in and out.

MR. SPRINGER. What percentage of the food that is sent for this relief, either through UNRRA or direct, is supplied by this country?

MR. CROW. I do not have that figure, as to the exact percentage, except to say that it is a very large percentage, because we happen to be one of the more favorably situated nations so far as our total food production is concerned, compared with the prewar period. You see, our production of all foods is up about one-third, and the only other countries that have food production above the prewar level are those that I listed a moment ago—Canada and the British Isles at present are above the prewar level; a few middle eastern countries and a few down in Latin America, and all the rest of them are below prewar, so they have to draw on us for a very large portion. I can supply it for the record if you like.

MR. SPRINGER. Do you think the percentage would run as high as 75 or 80 percent?

MR. CROW. I would think it would run about two-thirds, just as a guess, but I would be glad to supply that for the record, if you would like me to get it.

MR. SPRINGER. I would like to have it.

(The matter referred to is as follows:)

PROPORTION OF FOOD DISTRIBUTED BY THE UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION THAT IS OBTAINED IN THE UNITED STATES

The information office of the United Nations Relief and Rehabilitation Administration advises that during the year 1945 68 percent of all food shipped to UNRRA receiving countries came from the United States.

MR. HANCOCK of New York. Where UNRRA is supplying the food, you determine the allotment and allocation?

MR. CROW. That is correct, if it is our food. We tell them how much they can have and discuss with them the amount to go to the various countries.

MR. HANCOCK of New York. But they are the final word?

MR. CROW. They are the final word on which country gets it, but we are the final word on whether or not we can supply the food.

MR. SPRINGER. And they make the final distribution in the country they elect to send the food to.

MR. CROW. To use an economic expression, they represent the demand side on that and we represent the supply side, dependent on whether or not we can get it.

MR. CHELF. Even with the increase of the food supply in Britain they are still not self-sufficient, are they?

MR. CROW. No.

MR. CHELF. What are they now—about 65 percent of being self-supporting?

MR. CROW. I do not have that figure offhand. I may be able to locate it right here.

Here is a description of their situation.

MR. CHELF. As I remember, they were about 40 percent of being self-sufficient in prewar days, and are now about 65 percent.

MR. CROW. This publication does not give the percentage of self-sufficiency in the British Isles. It does say that the current level of food production is about 60 percent above the immediate prewar average, approximately 5 percent below last year, in the British Isles.

They have raised the wheat extraction rate over in Britain to 85 per cent because of the current critical situation, and the butter and margarine and cooking fat ration is to be reduced from 8 to 7 ounces per person per week. Beginning February 17 the per capita weekly milk ration was increased from 2 to 2½ pints weekly. A little more canned fruit is expected to be available soon.

It does not give, though, the percentage of self-sufficiency in Britain.

Mr. CHELF. Was not the figure that they released last summer in Britain around about 65 percent at that time?

Mr. FEIGHAN. I believe so.

Mr. CROW. As rapidly as conditions have permitted we have modified or canceled these orders and will continue to do so whenever conditions make such action practicable.

Since the cessation of hostilities, is an effort to curtail regulations to the minimum, all food commodities with the exception of sugar have been removed from rationing, and it is hoped that it will not be necessary to reinstitute rationing on any commodity. This discontinuance of rationing, however, places the Department in a position of having to depend entirely upon allocations and orders of various types to obtain the necessary supplies of food for our armed services, to fulfill our obligations with respect to the peoples of war torn and liberated areas, and to insure equitable distribution among the people of the United States. There are presently 39 commodities under allocation, including meats, fats and oils, grain, sugar, and dairy products.

While 134 out of the 185 basic food orders issued have been terminated, we now have 51 such orders in operation. Many of these are set-aside orders designed to obtain the necessary quantities of food for our armed forces and for shipment abroad. Others restrict the use of a particular commodity, thereby channeling it into the most important uses. Still others control inventories to prevent hoarding, restrict the use of facilities such as refrigerated warehouses to insure the availability of their limited capacity to meet the most pressing needs, and restrict the delivery and acquisition of scarce commodities to insure equitable disposition of them.

During recent months, because of changes in the supply situation we have found it necessary to reinstate all or a part of orders with respect to protein meal, beef, pork, veal, and lamb, which had been suspended previously. Furthermore, within the last 8 months we have found it necessary to issue new orders with respect to grain, flour, lamb, poultry, and apples, the most recent of which was an order with respect to wheat necessitated by reason of the short wheat supply and aggravated shortage of all food supplies throughout the world. Supplementing the controls over scarce foods exercised by the Department of Agriculture it is also necessary to have in effect the system of export and import controls to prevent the disruption in the allocation of scarce commodities by unauthorized movement to and from the country.

Mr. WALTER. Do you not think, at that point, that if this program were abandoned our economy would suffer a terrific impact, in that the demand for farmers' goods would fall 'way off, and, on the other hand, you would have prices for the things that he needs very high?

Mr. CROW. I think there would be a real danger of that, because you will note that at least for our own country we are relatively better off in food than we are in shirts, for instance, which was talked about yesterday, and farm machinery is another illustration.

Well, if the controls on all of these things were taken off, then the segment of the population which is producing at relatively high rates would be penalized, in my opinion, in comparison with those segments of the economic system that are producing at relatively low rates.

Mr. FEIGHAN. Do you have any idea what the wheat production is in the Soviet Union, and also what method of distribution they have?

Mr. CROW. I believe that one of my colleagues, Mr. Pond, here, from the Grain Branch, whom I asked to come with me because he has the grain figures readily available, may have that figure on the Soviet Union. Mr. Reed Pond, of the Grain Branch of the Department of Agriculture.

STATEMENT OF REED POND, GRAIN BRANCH, DEPARTMENT OF AGRICULTURE

Mr. POND. Mr. Chairman, I would like to say that I do not think we have anything approaching completeness on the Soviet Union's figures. We have grain figures on all of the other principle producing countries, but nothing that I know of on the Soviet Union. I have seen some reports relative to the distribution of grains in Russia, and it is largely a matter of the state levying taxes in kind on each farm or cooperative farm.

Mr. FEIGHAN. What I really wanted to know was whether or not Russia was working in cooperation with any of the other nations in exporting even a bushel or more to some of these countries outside of the Soviet Union.

Mr. POND. So far as I know, and from the reports I have seen, most of the grain seems to be moving to Russia. For example, a recent consular report I saw indicated that Hungary and other Danube Basin countries are supporting 700,000 to 1,000,000 Russian troops who are occupying those countries. I think it is in accordance with agreements that they may have, but so far as any quantities moving from Russia, there may be some, but I do not know of any.

Mr. SPRINGER. You do not know of Russia providing any of the foodstuff or grain that goes to UNRRA for distribution by this agency, do you?

Mr. POND. None that I have heard of.

Mr. CROW. There is one point there that you might be interested in, and that is that the German invasion dealt a particularly hard blow to Soviet agriculture, because about 40 percent of the prewar crop area was in regions which at one time or another were invaded by the enemy.

Mr. SPRINGER. When the Germans made the drive to Stalingrad that was through the wheat area?

Mr. CROW. Yes; that was through the Wheat Belt, and we have been sending fairly large quantities over a period ever since the Russians began pushing them back from Stalingrad. We have been sending fairly large quantities of various kinds of seed over there to help the Russians get back into production. As a matter of fact, before they were even pushed back from Stalingrad the Russians came in and requested a fairly large quantity of seed, and wanted it to be sent very promptly.

We asked, "What do you want with these seeds?"

They said, "We are getting them to replant the Ukraine."

The Germans were still in it. But they got the seed and they replanted the Ukraine.

Mr. HANCOCK of New York. We have been sending seed all over the world, have we not, in quite large quantities?

Mr. CROW. Yes; we have. Very large quantities of seed have gone to various parts of the world, but Russia has gotten generous proportions.

Mr. HANCOCK of New York. Will that not show results next fall?

Mr. CROW. If they have favorable weather conditions, yes. That is one of the reasons why we can make the statement I made a while ago, that we expect an increased production of food in those European areas for this coming season.

Mr. WALTER. Of course, there is another very important factor, and that is transportation.

Mr. CROW. Yes; both in this country and over there. We are having difficulty, as you know, transporting the quantity of wheat that we have tentatively had in mind for shipment abroad. We have a rather bad shortage of refrigerator cars in this country and a shortage of boxcars. Our wheat shipments for this foreign program have not been up to schedule during January and February. We had hoped to be able to export to these war-torn areas during the first 6 months of this year about 225,000,000 bushels of grain, and we have fallen down rather materially in moving one-third of that during the first 2 months of the 6. We have moved, I would say, not more than 45 to 50 million bushels, and that certainly is not fast enough.

Mr. BRYSON. What amount of food or grain do you estimate is still in the hands of the producers or farmers who may have storage facilities?

Mr. CROW. Again I would like to ask Mr. Pond to give a figure as to the stocks of wheat or all grain on farms.

Mr. BRYSON. All grain; foodstuffs.

Mr. POND. I can give here the estimated supplies as of January 1, 1946.

Mr. BRYSON. Still in the hands of the farmers?

Mr. POND. It covers wheat in all positions, or grain in all positions, if that would satisfy you; also, recent commercial grain stocks. I do not happen to have at the moment here with me the grain stocks in the hands of producers.

Mr. CROW. If we take the total grain stocks and subtract the commercial grain stocks, that will come very close to what you have in mind.

Mr. POND. The wheat supplies on hand as of January 1, 1946, in the United States, were 689,000,000 bushels, compared with last year's 835,000,000, and the year before, if you are interested in that, was 818,000,000. Would you care for some figures on the other grains, or just wheat?

Mr. BRYSON. What are the commercial holdings?

Mr. POND. The commercial stocks as of the week ending February 26 were approximately 55,000,000 bushels, and last year they were 121,000,000 bushels. Thus this year's stocks were less than half of last year's. Commercial wheat stocks on January 1, 1946, totaled about 102,000,000 bushels.

Mr. CROW. I think a further word of explanation on that point should be made, and that is that these commercial stocks were especially low on February 26 because, in an effort to get all the grain possible to shipside, we depleted those stocks in the terminal markets rather severely, particularly in Texas and Oklahoma and other areas down there, where the run to the Gulf was rather short, because we wanted to get supplies abroad just as quickly as possible. We depleted these commercial stocks and got to the place where we had to take steps to replenish those stocks by getting more railroad equipment back into the producing areas.

Mr. HANCOCK of New York. What does commercial wheat include?

Mr. POND. That would be the wheat in store in the usual terminal elevators and places of storage; in other words, that which is moving in trade channels.

To clarify a little further, that does not include country elevator stocks. In other words, if 102,000,000 bushels of visible stocks in commercial channels are deducted from the January 1 supply, there would be approximately 588,000,000 bushels on farms and in country elevators as of January 1, 1946.

Mr. CROW. There is another thing there that I think will be interesting to the group, and that is that with this great demand for the wheat in this country and the contemplated movement by the end of this crop year, our wheat stocks will be quite low compared with anything that we have had in years and years. You will remember that we have had quite a bit of talk for the past 10 years or so about our ever-normal granary, and we piled up rather significant stocks of grain.

You may recall that 2 years ago, 3 years ago, and 4 years ago we had to have very elaborate programs for the storage of grain because we had such huge stocks it was a problem to find any place to put them. Now the situation is completely changed, and by the end of this crop year those stocks will be quite low. The same is true of our stocks of cotton, incidentally. They are going down.

Mr. WALTER. Are you in a position to prevent speculation to any great extent?

Mr. CROW. Only by the controls which we have through the Commodity Exchange Act, and I do not believe we could say that that would prevent it. It would tend to prevent some of the abuses that come from speculation, but I would not go so far as to say it actually prevents speculation. Of course the price-ceiling features and other restrictions tend to restrict the field within which the speculator can operate.

You will be interested in knowing that in addition to the 225,000,000 bushels of grain which we have been thinking in terms of exporting during the first 6 months of this calendar year we are planning to export during the calendar year 375,000 tons of fats and oils, 1,600,000,000 pounds of meat, of which 1,000,000,000 pounds is to be made available during the first half of the year, and to increase our exports of dairy products, particularly cheese and evaporated milk. Those are the main items which we plan on moving abroad to these war-torn areas.

Mr. CHELF. How do you ship the bulk of your meat? Is it mostly canned meats, or what?

Mr. CROW. In some of the areas it has to be canned or cured, because of lack of refrigeration facilities and the warm climate. We run into difficulties there, of course, in getting enough cans. In other areas, where the temperature is lower or where they have refrigeration facilities, we sent it over in frozen form.

Mr. CHELF. What percentage of spoilage do you have?

Mr. CROW. We have no very satisfactory way of determining what the percentage of spoilage is after it gets to the foreign countries, because it is distributed by UNRRA and by the foreign countries, and the stories that we get back, you see, are simply relayed by the other people. But the information they give us is that it is negligible. Of course, until we get it on the ship we know about it, because the Department controls it up to that point, and we have not had any spoilage in meat up to shipside that I recall.

The closest we ever had to it was a case back 2 years ago, when we were moving meat, frozen, to shipside, in all the refrigerator cars we could get; and, as you know, some refrigerator cars are good and some are not so good, and most of them were not built for hauling frozen products anyhow and maintaining those low temperatures, so we used some brine tank cars that one of the packers owned, and that meat arrived in New York thawed out instead of at a temperature below 20°, at which we wanted it delivered.

I had a call on that, and was told that the meat was at a very high temperature, and the man who called was quite excited about it and said, "This meat is spoiled. What shall we do with it?"

So I told him to put it in cold storage just as quickly as possible, not to quit when night came, to get overtime labor or anything else and put it in freezers at once. He was quite pessimistic. He was afraid the meat was in bad shape. I said, "Don't worry about that. We will let the meat inspectors determine the condition of the meat, but it certainly is not going to get any better if it stays out of refrigeration."

We dispatched a man from here to supervise it, and all of that meat was loaded into storage that night. The next day we called for the Meat Inspection Service to go in and examine the meat, and none of it had gone bad. It was all perfectly satisfactory.

We have had some experiences like that that scared us pretty badly, due to having to use almost any kind of equipment we could get, but I do not recall any meat having spoiled before it got to shipside, and the stories we get back on the spoilage abroad would indicate that very little of it has spoiled over there.

Mr. HOBBS. You may proceed with your statement, Mr. Crow.

Mr. CROW. The need for the retention of some of these controls to insure the best utilization of the scarce supplies of food appears obvious if the Nation is to carry out its responsibility and commitments to send food overseas to assist in alleviating human suffering and establishing the necessary foundations for world peace. Furthermore, we still have a substantial military and naval force of our own and definite action is still required to obtain some of the foods in short supply in sufficient quantity to meet the needs of our own military forces.

That apple order which I mentioned we had to put on was to get apples for our own military forces, in view of our own very short crop of apples last year.

The future welfare of this country and of the world requires not only that we make adequate provision for feeding our own military forces and civilians but that we do our part to assist our allies and the peoples of the liberated countries. To accomplish this, some method of control will be necessary. Regardless of what that method may be, the authority for it depends on the continuation of title III of the Second War Powers Act, because all the authority of the Department of Agriculture to allocate food and issue food orders is derived from that part of the act. The food outlook is such as to require a 12-months' extension of the act.

Mr. HOBBS. We are particularly interested, Mr. Crow, in whether or not the newspaper stories that have appeared recently are authentic with regard to their estimates of starvation in the world.

Mr. CROW. Our information would tend to support the general tenor of those statements, as illustrated by this figure that I mentioned a while ago, that more than 125,000,000 people in Europe will have to subsist on less than 2,000 calories a day, 28,000,000 on less than 1,500, and large groups on as little as a thousand calories, and over in India the situation is quite bad. In some parts of China it is quite bad. I do not think that we could subscribe to every single thing that is said on this because, as you know, when a subject is being discussed as much as this one at the moment, all kinds of comments are made. But if you take the general drift and tone of it, there is not much exaggeration.

Mr. HANCOCK of New York. Why is there such wide variation between the amount of calories one country will get and those that another will receive?

Mr. CROW. A greater part of the reason for that is the varying production in the different countries. Some of them, as you know, were torn up during the war more than others. Some have had more drought than others. We have had an awfully bad season from a drought point of view, and to make it even worse the drought seemed to fall the hardest on those nations that had to import food, and it cut down the little supplies that they already had and created an even bigger problem in bringing food from the surplus-producing nations, and a bigger problem on transportation. So, with the drought, with the different effects of the war, with the different degrees of stability that have come in since the war ended, we have differing food situations in different parts of continental Europe and Asia.

Mr. HANCOCK of New York. Do we not take those factors into consideration in determining the amount we will contribute?

Mr. CROW. Yes; we do. But even so we are, you might say, just "holding body and soul together," to use an expression that we use down in our part of the country quite a bit, and we do not get those people back up to an adequate diet.

Mr. HANCOCK of New York. So, it is true that the Germans are better fed than the French, for example? We hear that report quite frequently.

Mr. CROW. I think over a period of time we would say "Yes, that is true," because the Germans have taken out so much of the agricultural equipment, so much of the food stocks, from France, that they left them in a very run-down condition. Germany kept itself up at the expense of the surrounding countries, so that over any reasonable

period of time it would be correct to say that the Germans were better off than the ones around them.

Mr. WALTER. Then, of course, they were engaged in a very intensive agricultural program where every inch of land in Germany was under cultivation.

Mr. HANCOCK of New York. Then why do we not give more to the French and less to the Germans?

Mr. CROW. I do not have the figures on the quantity actually going to France and Germany. We may be sending more to France. I do not have the figures at hand. I talked the other day with Colonel Hester, who is just back from Germany for a short period, and he says that at least in the American sector of Germany the food supplies are becoming depleted, and in that part of the country they are getting in pretty bad shape.

As you know, Germany was partitioned, and as I understand it without having been in that country, the agricultural producing areas largely fell over in the sector which the Russians have, and the American side did not have quite so much, and even the one that fell to the Russians does not have an exportable surplus, so apparently the Germans are much less well off than they were a year or so ago.

Here is a little information on that, that is based on this same analysis that I have here of the world food situation, which comes from sources that we have in all countries of the world. Here is a very brief summary of that. [Reading:]

In Continental Europe, only Denmark and Sweden at present have diets approximating prewar levels. Greece, France, Czechoslovakia, Switzerland, Norway, the Netherlands, Luxemburg, and Belgium, which at the end of 1945 had a tolerable standard of between 2,100 and 2,500 calories daily per head, of the non-farm population, face a decline in this restricted level during the first half of 1946.

A third group, including Spain, Italy, Germany, Austria, Finland, Portugal, and segments of Poland, Hungary, Yugoslavia, and Rumania, with perhaps only two-thirds of their prewar capital intake, are sorely deficient in regard to total energy in almost every nutrient.

Mr. HOBBS. In other words, to summarize, as usual we can depend upon the press for accurate information, within varying degrees. Would you say that the call of the President for the Emergency Food Conference was not the product of excitement, but of the actual facts?

Mr. CROW. That is correct. It was what you might call, I would say, just an awakening of our own people to the distress and famine that really exists among other folks of the world.

Mr. HOBBS. Is it true or not that the transportation situation, which is critical, is largely in America and in other shipping countries, and at destination, portside, when the foodstuff gets across?

Mr. CROW. That is correct. They are very short of transportation equipment in these countries to which we would send the food, and in this country we have been running our transportation equipment very hard during the war, and in refrigerator cars there is an illustration. The total number has been declining ever since 1929 or '30, for that matter. We have about 35,000 fewer cars than we had back in 1930. During the war the car supply declined at the rate of about 500 cars a quarter, and we have a real shortage there. Many of the cars that are left are run down and out for repairs. More than 10 percent of them are not in running order, are out for repairs. Our boxcar supply, too, is in bad shape.

We should say this, though, that in spite of the fact that we cannot get enough boxcars to move grain to shipside, our grain movements are ahead of this time last year. We do not have an absolute falling off in the number of carloads of grain transported. We have an increase, but we just do not have a big enough increase to do this job.

Mr. HOBBS. Are we utilizing the ships which we have in abundance to the full extent of the necessity?

Mr. CROW. In my personal opinion? No, and I will give you an illustration.

The railroads have this terrific load. If we were to restore the coastwise shipping service between the Gulf ports and the Atlantic ports, moving in both directions, that would take some of the load off the railroads and make the boxcars and refrigerator cars available in larger quantity to go into the interior points that are not served by waterways. But that coastwise shipping between Gulf and Atlantic ports has not yet been restored.

Mr. WALTER. Where are they going to get the personnel to man the ships?

Mr. CROW. That would be a problem, but at least one or two of the shipping lines have told me that they think they can do it, if they could get the ships turned back to them.

Mr. HANCOCK of New York. We can get the food supplies to Europe, but they do not have the transportation facilities there to distribute them. They tell me that is the real difficulty.

Mr. CROW. There is real difficulty over there, too.

Mr. HANCOCK of New York. I understand that is the real difficulty. The bridges are down, the railroads are out of commission, they do not have the trucks, and that is the problem, to get it distributed after it arrives there.

Mr. BRYSON. Mr. Crow, did you or did you not rely upon the authority of title III for the diverting of quantities of grain from the manufacture of liquor and beer?

Mr. CROW. We did.

Mr. BRYSON. Had you not been vested with that authority, you could not have done that?

Mr. CROW. We could not have done that. As a matter of fact, that last series of grain orders which we have issued trying to cope with that situation are all based on title III. You are familiar with those orders. One of them prohibits brewers from using wheat or wheat products, and rice except screenings or brewer's rice, and allows them to use only 70 percent of such other grain or grain products as they used a year ago.

Order 9 restricts the use and inventories of protein meal on a quota basis, and regulates the use of soybeans; and order 141 prohibits the use of any grain or grain products for the manufacture of distilled spirits or alcohol except by authorization, but all of those actions rest on title III.

Mr. BRYSON. And if title III is continued and if further shortages develop, then further restrictions will be applied in the manufacture of beverages?

Mr. CROW. That may become necessary.

Mr. HOBBS. Mr. Crow, you said you had a number of other illustrations which you would omit in your formal testimony. I believe the committee would like to have you insert them in the record.

Mr. CROW. That is, some illustrations of the orders and actions which we are taking under the Second War Powers Act?

Mr. HOBBS. That is right.

If there be no objection, we will make that request.

(The matter referred to is as follows:)

SOME ILLUSTRATIONS OF ORDERS ISSUED BY THE DEPARTMENT OF AGRICULTURE UNDER
THE AUTHORITY OF THE SECOND WAR POWERS ACT

Each food order is designed to meet a specific need, and as many commodities are subject to different types of control at different stages of processing or marketing, a strict classification of the orders is impossible. Generally, however, they fall into two classes—set-aside orders, and limitation orders. Some orders contain provisions falling within both of these classes.

From the standpoint of meeting military and other Government needs, set-aside orders are perhaps the most direct approach. Under this type of control, producers or manufacturers are required to set aside all or specified percentages of their goods for sale to governmental agencies of other designated persons.

There are 13 set-aside orders in effect; however only 10 of these are currently active. The following commodities are controlled by set-aside orders: Cheddar cheese (inactive), rice, dried fruit, walnuts, dried skim milk (inactive), canned fish and shellfish, beans (inactive), canned tomatoes, beef, pork, veal, lamb, pork and lard, red sour cherries, apples, protein meal, and beer.

Limitation orders usually restrict commercial sales to certain percentages of a base-period volume or restrict the use of certain commodities to divert them into the manufacture of essential products or to conserve materials. Producers or manufacturers are often required to obtain specific authorization to utilize in any way commodities in critically short supply. The following are some of the commodities controlled by limitation orders: Bakery products, salted fish, tobacco, sugar, tea, spices, cocoa, beans, peanuts, honey, edible molasses, all grains, and edible and inedible fats and oils. The imports-control order and the food-storage facilities order also fall in this class.

For purposes of clarification as to specific steps taken under the authority of the Second War Powers Act to forward emergency food programs several examples of war food orders are hereafter set forth.

We had hoped that the meat supply of the country would be sufficient to supply normal civilian needs and at the same time enable the Government to obtain necessary requirements. With this in mind set-aside percentages were removed from all livestock products with the exception of lard. It soon became evident that we had been overly optimistic in this regard and on October 14, 1945, set-aside percentages were reestablished on beef, veal, and mutton, and on February 10, 1946, the pork set-aside was reinstated. The meat set-aside requirements are issued pursuant to a basic war food order known as War Food Order 75.

War Food Order 44 relating to canned fish and shellfish and War Food Order 10 relating to rice are examples of other set-aside orders now in effect. War Food Order 44 requires packers of canned fish to set aside for Government purchase certain percentages of their pack. Government procurement for military needs and relief feeding could not be affected without this order. The same situation exists with respect to rice with the added need for the establishment of set-aside percentages so that Puerto Rico can obtain its minimum requirements.

With the heavy civilian demand and high purchasing power Government procurement of commodities subject to set-aside orders would be impossible, thereby putting us in a position of not being able to meet military needs, export commitments, and War Shipping Administration requirements.

War food orders control the use of the major edible oils, namely, soybean, cottonseed, peanut, and corn oils. These controls operate first, by allocating particular edible oils to the more essential uses, and second, by controlling the use of edible oils at the manufacturing level through the establishment of quotas. War Food Order 29 is the instrument of allocation and War Food Order 42 is the regulation establishing quotas. Inedible fats and oils are also controlled by war food orders through the establishment of use quotas on manufacturers of protective coatings under War Food Order 42a and through the establishment of use quotas for manufacturers of soaps through the means of War Food Order 42b. Coincident with these controls on fats and oils, inventory restrictions are in effect.

It is only through the exercise of the Second War Powers Act that we are enabled to make effectual the President's 9-point program of February 6, 1946, regarding the conservation of grain. We have now in effect War Food Order 144, of recent issuance, whereby wheat-flour millers are required to operate on an 80-percent extraction basis and whereby limitations are imposed on the use of wheat for feed. We have also amended War Food Order 66 which previously limited brewers in their usage of malt and certain grades of rice so that they are now prohibited from using wheat or wheat products in any form and are curtailed in their usage of permitted grains to 70 percent of their 1945 usage. We have reinstated and made active War Food Order 9 which is designed to effect better distribution of protein meals for feed. There is also in effect War Food Order 141, which provides for the allocation of grain to distillers and prohibits entirely the use of wheat and the better grades of corn. In addition to the grain restrictions imposed upon distillers their operations are now limited to 5 days a month.

Another type of order regulates the use of facilities which are in short supply, such as refrigerated warehouses. During the war there has been a very heavy demand for cold-storage space, particularly for frozen products, while there has been a shortage of refrigeration machinery and other materials necessary to expand cold-storage warehouse capacity. In order to get the available space used in meeting the most necessary requirements it has been necessary to restrict the quantities of some commodities that can be stored in particular areas, limit the length of time which commodities may remain in storage, and take other action regulating the flow of commodities into and out of the refrigerated warehouses.

Mr. CELLER. What division of title III, for example, provides for the so-called alcohol holiday?

Mr. CROW. The alcohol holiday is an order issued under the authority which we have to allocate food and give priorities to food for particular uses, and I believe the thing you have in mind is this order 141, which does not let them use grain for that purpose except under authorization, and we have announced that during the month of March we would authorize the distillers to use enough grain to operate 5 days.

Mr. CELLER. During March?

Mr. CROW. During March.

Mr. CELLER. You have not made any authorizations beyond March?

Mr. CROW. No. They are made month by month.

Mr. WALTER. As I understand it, that order cut by 30 percent the amount of grain used for beverage purposes.

Mr. CROW. Compared with a year ago.

Mr. WALTER. That was a horizontal cut, was it not?

Mr. CROW. Yes; with a small qualification. When a brewer gets down to a certain size, the small ones are allowed a certain quantity, even though it might be more than 70 percent. I have forgotten exactly what that figure is, but just to illustrate, we will say maybe it is 180,000 bushels, or some such figure as that. It is 70 percent until you reach that figure, and when you reach that figure you can have that much.

Mr. WALTER. Do you not think it would have been more equitable had you cut the larger breweries a larger percentage, and thereby relieved the transportation problem? They ship their product all over the country.

Mr. CROW. That has been a problem that we have wrestled with throughout the war, not only on that order but on a lot of others, and that is, when you have to cut things back, what base will you use?

Will you cut them all alike, or will you favor certain groups? Will you zone territories, for instance?

As an illustration, in the beer and liquor manufacture, it would be possible to draw a line across the country and allot enough grain to the people this side of the line to supply the demand on that side, and allot enough to the people on the other side to produce enough beer to satisfy the demand over there. But that would be pretty drastic regimentation, and for the most part we have found that the most tenable position that we could support was to disturb the existing relationships as little as we could, and try to treat all people alike, and try not to build up the distribution of one manufacturer and maybe penalize the other.

Mr. WALTER. You do not necessarily have to build it up.

Mr. CROW. In effect it would be that, if you cut one more than you cut another. It would tend to maintain the business of one manufacturer at the expense of the other. So the only modification that we have made in that is to recognize the principle if you cut a little fellow to 70 percent you may cut him so small he just cannot go at all, so we have established a rock bottom below which we would not cut.

Mr. WALTER. Are you not afraid this order is going to put all the little brewers out of business, and there will be a monopoly by Anheuser-Busch, Budweiser, and the others?

Mr. CROW. This provision not to cut below a certain figure was put in there after consulting with our advisory committee with the idea of avoiding the very thing that you have in mind.

Mr. WALTER. This committee has much to do with antitrust laws and combinations and things of that sort, and it just seems to me—of course you know better than I—that this order will result in an increase in the monopolistic tendencies that this committee is trying to curb.

Mr. CELLER. Supplementing that, if I may be so bold, Mr. Chairman, I want to say this: You have an order similar to the one Mr. Walter spoke of with reference to fats, oils, and grease used in the manufacture of soap. There are three soap manufacturers in this country—Colgate-Palmolive-Peet, Lever Bros., and Procter & Gamble—which control upward of ninety-odd percent of the entire soap making in this country. You set up a quota for fats, oils, and grease, and you establish a base period, I believe, coming out of 1941, and you say nobody shall have a greater percentage of the pie of fats, oils, and grease than they had in 1941.

That means you freeze that monopoly that has been developed by these three large soap manufacturers. In other words, here you have a Government agency which encourages and which maintains the status quo of a monopoly. How can you justify that?

Mr. CROW. Our only justification is that in cutting back on the supplies of anything we have to have some base, and we are cutting back only because there is not a large enough supply to go around. We do not consider that the Second War Powers Act gives us authority to reform the economic system of the United States.

Mr. CELLER. Yes, but Congress covered that, if I remember correctly. Maybe the gentlemen here will tell me if I am wrong. We put in one of the war powers acts a provision that the Attorney General must be vigilant and crack down on any department that seeks to

encourage, by its orders, under its war powers authority, any monopolies. We have specifically put that in. I do not remember which act it was in.

Now, Congress anticipated that some department would do the very thing against which I am inveighing and against which Mr. Walter inveighs. How can you justify that? And why could you not devise some other means by which you would not have to freeze that monopoly to which I advert? Could you not, for example, say to the little fellow—and there must be several hundred little soap manufacturers—“You will get an initial supply, and then the quota shall be superimposed upon that supply which everyone will get”? You could figure that initial amount to be rather small, but in that way every little manufacturer would get a chance for his white alley. Under the present conditions, for example, if a manufacturer used all his material in the base period for military purposes and did not use any for civilian purposes, he does not get one drop of that fat or that oil or that grease which is the raw material for the manufacture of soap, because you have ruled that you cannot consider military soap in the base period as a basis for the quota. Only civilian soap can be used as a basis for the quota. Now, how can you justify that?

Mr. CROW. What we have attempted to do to get around that is the action that I mentioned in connection with your grain for the breweries; that is, establishing this minimum which anybody can get, and if the percentage cut would reduce them to below that minimum, then they do not go below it.

Mr. CELLER. Why do you not do something like that? You do not do it in soap. I have a number of complaints on soap, and fellows are being driven out of business because they were patriotic enough, having been in business for many years, to dedicate their plants to the manufacture of soap for military purposes; and now, because they were patriotic and did do that very thing, they cannot get a bit of quota from your War Food Administration.

Justify that, will you please, for me?

Mr. CROW. I will be glad to investigate and find out just what the current limitation on soap is. Mr. Bucy may remember.

Mr. CHARLES W. BUCY (Associate Solicitor, Department of Agriculture). I do not recall offhand. We have in every order that is issued by the Department a provision for relief from hardship, and if anybody is in an unusual position like that they have the machinery for them to submit that particular situation.

Mr. CELLER. That is nice on paper, but you try to get relief on a basis of hardship. You have to go through the pangs of hell to get that relief. I know that. We tried in a particular instance in Brooklyn, from where I come, to get that relief, and we could not do that at all.

Fritz Lanham, our colleague from Texas, is very much disturbed about this situation, because he has several soap manufacturers down Texas way and he is complaining bitterly, and there are quite a number of other Members, likewise. I wish you would look into that and take it up with the Secretary of Agriculture, particularly, Mr. Clinton Anderson.

Mr. HOBBS. But the policy outlined by Mr. Crow, which will be substantiated by these other gentlemen, is tending toward that end, and

was the basis for the program that we have outlined, seeking to alleviate any troubles that might be experienced by the small producer.

They will be glad to do that.

Mr. CROW. Of course, our basic trouble on soap is that we just do not have enough fat to make it.

Mr. CELLER. That is right. You have a small amount and you have to divide a deficit. I know the administrative difficulty. But nevertheless you have to keep your eye on the small man. If you destroy him, you destroy our economy.

Mr. HOBBS. Will you supplement your testimony in writing by filing a statement and also answering the problem that has been raised here, briefly?

Mr. CROW. I will be glad to.

(The matter referred to is as follows:)

STATEMENT ON POLICY TO PROTECT SMALL BUSINESS

It has always been the policy of the Department of Agriculture in the formulation and administration of war food orders to recognize the problems of small businesses adversely affected by the imposition of necessary restrictions. The application of controls on the basis of assigning quotas related to a past period of operation has inherent protective elements to small business. At a time when supplies of raw materials are extremely short, and demand is great, and Government controls become essential, the allocation of the raw materials on an individual basis to those with a historical record of use assures even those in a disadvantageous buying position their proportionate share of available supplies.

The Department of Agriculture, however, has found it advisable to go even further in protecting small business than to depend solely on the protective aspects of the quota system. We have taken cognizance of the fact that a percentage cut-back in many instances operates more drastically upon those smallest in the industry than upon those enjoying great volume. Even in our present emergency situation with regard to grains and the necessity for a cut-back in grain usage by brewers approximating 30 percent below their 1945 usage we have provided that any brewery operated in 1945 may utilize up to 180,000 pounds of grain per calendar quarter, regardless of their actual usage in 1945.

In the administration of War Food Order 42b, which controls the volume of fats and oils that may be used in the manufacture of soap, we have made provision for the protection of small business. This order provides that any person entitled to a use quota for fats and oils for soap may use up to 15,000 pounds per quarter and further provides that quota holders are allowed the use of 10,000 pounds per quarter bonus. The latter provisions, on a percentage basis, is of course considerably more helpful to the small manufacturer than the large one and was placed in the order with this in mind. Similar provisions are present in the war food orders controlling the utilization of edible oils and oils for the manufacture of protective coatings.

Aside from the preference given small business pursuant to the actual terms of war food orders, we have consistently recognized the problems of small business in granting relief under the hardship clause of war food orders.

Mr. CELLER. I understand the alcohol holiday cuts down to about 20 percent the production of distilled spirits, taking out Sundays. Is that about right?

Mr. CROW. That would be awfully close to right; yes.

Mr. CELLER. What is the allowance for the manufacture of beer? Is it about 20 percent likewise?

Mr. HANCOCK of New York. Seventy percent.

Mr. CROW. Let us put it this way: 70 percent of the grain being used for the manufacture of beer at the same time last year. One

thing that is quite interesting during the war is that apparently they have been able to get more and more beer out of less and less grain.

Mr. CELLER. Are you cutting down on the use of grapes, for example, so that you could have more raisins—grapes for wine?

Mr. CROW. We do not this year have a raisin program, because we were able to get all of the requirements for raisins without the program. But the year before this we did cut down on that, too. We required that a certain quantity of grapes be put into raisins, because the demand for raisins was so great that we felt we could not get them just by going into the market and buying the raisins. The year before last we did. This year that just ended, we did not.

Mr. CELLER. What about table grapes? There are three categories, I understand—wine grapes, table grapes, and raisin grapes. Do you cut down on table grapes?

Mr. CROW. No.

Mr. HANCOCK of New York. Your eastern fruit dealers cannot get table grapes from California.

Mr. CELLER. That is why I asked.

Mr. HANCOCK of New York. It goes into wine and does not go on the tables.

Mr. CROW. There has been some difficulty with the grapes out there going into wine in large quantities because of the very good demand for wine; and second, because of the difficulty of getting a sufficient number of refrigerator cars to move all of the grapes East that they would like to move. But if my memory serves me correctly, we did move, last year, East from California, roughly the same number of carloads of grapes that had been moved in previous years. The demand for the grapes, of course, because of the high purchasing power, is up very materially, but about the same quantity moved that we had been moving.

Mr. HOBBS. The Honorable Frank S. Ketcham, assistant general counsel of the OPA, is here, and has a couple of witnesses with reference to the OPA's attitude toward this bill. We will be delighted to have him introduce them.

STATEMENT OF FRANK S. KETCHAM, ASSISTANT GENERAL COUNSEL, OFFICE OF PRICE ADMINISTRATION

Mr. KETCHAM. My name is Frank S. Ketcham, assistant general counsel of the OPA.

Mr. Chairman, I have no prepared statement this morning, but I did want to say that the Office of Price Administration is very much interested in the continuation of titles III, VII, and XIV of the Second War Powers Act. As was arranged yesterday, we are filing statements with respect to titles VII and XIV.

With respect to title III, under that title we derive the basic authority to ration. We ration what we are told to ration, and in the quantities in which we are told to ration. We do not make the determination to ration.

With respect to what Mr. Small testified to yesterday, we are also very much interested in the continuation of title III. Mr. Levitties, the Director of our Consumer Goods Division, is here and is prepared to answer any questions you may have with respect to our textile and apparel program.

Mr. HOBBS. We are glad to have you both here. Are there any questions?

Mr. HANCOCK of New York. How many rationing orders are there now?

Mr. KETCHAM. There is only one rationing program, and that is the sugar-rationing program. That probably will continue through 1946 and possibly into 1947.

Mr. HOBBS. That was the same testimony you gave last fall.

Mr. KETCHAM. That is correct.

Mr. HOBBS. And I believe your statement then was categorically that until the sugar-beet crop of the United States was marketed or harvested in the fall of 1946, there would be a continuing necessity for that control.

Mr. KETCHAM. That, I understand, is the Department of Agriculture's estimate.

Mr. HANCOCK of New York. So your interest in title III is limited entirely to the rationing of sugar?

Mr. KETCHAM. That is correct as to rationing. We are also indirectly interested in title III in connection with the programs that the Civilian Production Administration has developed and is administering with respect to textiles and other essential civilian goods, and the channeling of other scarce materials into necessary articles. But our interest, again, is only indirect. We feel that what Civilian Production Administration does is very necessary for the stabilization program.

Mr. CELLER. Mr. Chairman, are we not a little confused on this side? We did not hear whether the gentleman said there would be rationing on sugar necessarily through 1947 or through 1946.

Mr. KETCHAM. Through 1946, with a possibility of 1947.

Mr. CELLER. With a possibility?

Mr. HANCOCK of New York. You perform practically all your functions through the authority of the Price Control Act?

Mr. KETCHAM. That is correct.

Mr. HANCOCK of New York. And you ration sugar only because that is delegated to you by the CPA, is that right?

Mr. KETCHAM. By the Department of Agriculture. We are directed by them to ration it, and they tell us the quantities which we are permitted to distribute.

Mr. JENNINGS. What provision do you have with respect to sugar? I last week received a letter from a 75-year-old farmer who had one boy shot all to pieces over in France, who has a grandchild who has been an invalid from childhood, and who lives on cereals and cannot live without sugar, and he has been denied ration coupons, or permission to buy sugar or buy more sugar by every agency in his county, and he is plenty mad, and there are just hundreds of other people that are in the same boat with him. They just do not like these unbending, harsh, cruel regulations that you have with respect to forbidding people to get a thing which, in that instance, is a necessity to life.

He sent me a picture of that helpless child, that cannot sit up and must be waited on for every human want, and it is faced with starvation and death because he cannot buy sugar for that child, to whom he is devoted.

Mr. KETCHAM. I will be very glad to look into that.

Mr. JENNINGS. I would be very glad to show you the picture of the child and the letter he wrote. He almost needed asbestos to write it on.

Mr. KETCHAM. I understand that we have a provision in our rationing regulation that where a doctor has certified the necessity for extra sugar for a sick person, he may have additional allotments.

Mr. JENNINGS. I got information of that sort. Things like that are what creates widespread indignation and makes people feel like they are living under a different sort of Government from what they feel they are entitled to live under.

Mr. SPRINGER. But you do have a regulation by which you take care of hardship cases?

Mr. KETCHAM. That is correct.

Mr. SPRINGER. And you have authority to take care of them.

Mr. CELLER. Why do you want title VII continued?

Mr. KETCHAM. Title VII is the provision exempting from the Hatch Act our volunteer workers.

Mr. CELLER. You mean your part-time workers?

Mr. KETCHAM. Part-time workers without compensation. We have an administrative order that is much stricter than the provisions of the Hatch Act. We do not permit our volunteer workers to engage in any political activities whatsoever. We feel that the enactment of this provision was essential when it was put in. We feel if it were taken out now it would cast reflection upon our volunteer workers, and goodness knows we are having enough trouble keeping them in the program and getting new ones to take their places.

They operate in our price boards. They supply information as to the prices of commodities, and they also handle the sugar applications. They do not handle the rationing itself. That is handled in the district office. But if you wanted to apply for a sugar book you would go to your local board and state the necessary information, and they would see that the mechanics were carried out.

Mr. CELLER. Why do you want XIV?

Mr. KETCHAM. Title XIV is the provision under which we obtain information from the Department of Commerce which that department has collected and which it deems confidential. It has been very helpful to us in that they have the names and addresses of most of the business organizations of the country, and when we set up an industry advisory committee we go to them and get a list of all the people in that industry, and then we can select from that list representative people. If we did not use their information, we would have to go out and conduct innumerable surveys and more or less duplicate what that department is already doing.

Mr. HANCOCK of New York. There was same talk of making title XIV permanent law. Do you favor that?

Mr. KETCHAM. So far as the Office of Price Administration is concerned, no. We do not plan to be here permanently, and we would just like it so long as we are here.

Mr. HANCOCK of New York. Speaking only from the standpoint of your own agency?

Mr. KETCHAM. From the standpoint of our own agency, so long as the Office of Price Administration is in existence, we would like title XIV continued.

Mr. FEIGHAN. A couple of months ago there was an exhibit in one of the House office rooms of various articles, fabrics; to take one as an example, men's shorts of very inferior grade, roughly priced at about \$1.10. That was supposed to be the price which some new manufacturer was given as his ceiling price, and then alongside of it was another grade of short, a very excellent grade, made by an old-established manufacturer at a considerably lower ceiling price. Could you just give us a rough idea of why that is tolerated?

Mr. KETCHAM. I think Mr. Levitties can explain that.

STATEMENT OF SAMUEL LEVITTIES, DIRECTOR OF CONSUMER GOODS PRICE DIVISION, OFFICE OF PRICE ADMINISTRATION

Mr. LEVITTIES. My name is Samuel Levitties. I am director of the Consumer Goods Price Division in the Office of Price Administration. I have been with the agency a year and a half. I receive no compensation for that service. I happen to be in business. My plant is located in Philadelphia, and I have an interest in a business in New York City.

To answer your question specifically, I saw the exhibit, and the contention was on the part of retailers who were complaining. "Here is an old-line manufacturer having produced a short in the base period that retailed for 39 cents, and now we cannot get that short any more because OPA refuses to give this manufacturer relief on his price. But here is another short that we are buying, or are forced to buy, that retails at \$1.10."

The facts of the matter are these: The 39-cent short was and is being produced currently by the Union Underwear Co. in Kentucky, whose production totals around 420,000 units a week. They are still producing those items. They have never asked for a price increase and do not intend to ask for a price increase. As a matter of fact, they have a ceiling price of \$4 per dozen wholesale, and they are selling them at \$3.50 wholesale.

The \$1.10 short we have tracked down, and that short did not come from a manufacturer but from a jobber who violated the regulations in not even having filed charts by which he determines the price, so we did not even know he was in existence. In other words, we did not give that price. A man took a price, a fly-by-night jobber, and that is the answer to the particular question that you raised.

Mr. FEIGHAN. Does that same answer obtain to the other fabrics, the different types of garments that were on display?

Mr. LEVITTIES. The answer is somewhat different, but again the purpose of the exhibit was to indicate that OPA was mispricing certain commodities. For example, I remember a rayon construction that is standard in the industry, a 9268 French crepe, priced at 38-point something cents per yard, and then there was an inferior fabric made of spun rayon priced at 41 cents a yard. How come?

The answer is very obvious and very clear for the people who are in the industry and who know the problem. Point one is that the French crepe, basically, the weaving of the greige goods of French crepe, carries a higher price than the inferior fabric. But that is only part of the operation in the textile field. When the greige goods is woven, it is sold to converters who put finishes, printings,

colorings, designs, on the fabrics, and depending on how much investment they put into the finishing a price is put on the merchandise plus the cost of the greige goods.

It is quite obvious that you can buy a piece of greige goods for 20 cents and another one for 22 cents, and have the 20-cent greige goods sell at a higher price, because he puts more finishing into it.

Mr. JENNINGS. I have always regarded you as very informative, and I had a problem addressed to me by a Mr. Woods Hough, of the Rockwood Hosiery Mill. That company operates plants at three other towns, one I believe out on the Cumberland Plateau and probably another one at Oneida, Tenn., and employs around 1,000 people.

He says that he is unable to buy cotton yarn for the reason that the people who make those yarns claim they cannot make them and live under the ceiling prices you have set. I think I will write you a letter about that. That looks like a very serious situation, because it involves the employment of a lot of people who need employment and the production of wearing apparel that is also desperately needed.

Mr. LEVITTIES. I might say this, Judge Jennings, that I think last week we issued an order to the carded yarn producers increasing the price of carded yarns by $2\frac{1}{4}$ cents per pound, and the industry is quite satisfied with it, and I believe that this hosiery manufacturer will not have any difficulty in obtaining yarn.

Mr. JENNINGS. That may relieve his situation.

Mr. HANCOCK of New York. Here is a problem that I have. This telegram just came in this morning. This man has food stores. He complains that there are now four different classifications of food stores, each with a separate ceiling. He says that puts the stigma of higher prices on the small grocer and favors the chain stores. Will you look into that? What is the answer to that?

Mr. LEVITTIES. In the first place, I would like to say that food does not come in my division. I think Steve Ayles, as my counsel, might volunteer the reasoning behind that particular regulation.

Mr. HANCOCK of New York. Instead of one ceiling there are four ceilings, depending on the man's business.

Mr. LEVITTIES. That is usually preserving the prewar pattern of selling a standard commodity such as food in various types of stores. The chain store always undersold the little store around the corner.

Mr. HANCOCK of New York. They do that without ceilings.

Mr. LEVITTIES. That is true, and the ceiling continues the practice but sets a limit on the price, and compensates the little man for his added cost of doing business, which results in the necessity for a higher price for the same identical item.

Mr. HANCOCK of New York. Why is that classification necessary? We know the cash-and-carry store can always undersell the little store who gives deliveries and gives credit. Why the ceiling? That automatically takes care of itself, it seems to me.

Mr. LEVITTIES. I cannot seem to follow your reasoning there. Let us take an item that is in short supply, and there is need for ceilings. If there is no need for a ceiling, then there is no argument. We ought to drop all ceilings. But assuming a commodity is in short supply. You must maintain price control if you want a stable economy, and that assumption includes that a given item normally sells for 15 cents

in the chain store and 17 cents in a little grocery store around the corner.

Now, all that the agency says is that the chain store may not sell it for more than 15 cents, and that the little store around the corner may not sell it for more than 17 cents.

Mr. JENNINGS. Is it the same garment, of the same quality?

Mr. LEVITTIES. We are talking about food, now.

Mr. HANCOCK of New York. There are four different groups—the little fellow, the giant store, the chain store, and various others. The chain store and cash-and-carry store will always undersell the independent merchant, otherwise he would not stay in business.

Mr. LEVITTIES. This merely preserves that pattern.

Mr. CELLER. You freeze the status quo of those four classifications of stores.

Mr. LEVITTIES. That is correct.

Mr. CELLER. I presume you have yielded voluntarily price control on certain commodities, have you not?

Mr. LEVITTIES. Yes.

Mr. CELLER. Are they luxuries only?

Mr. LEVITTIES. No. For example, in our division we let go quite a few luxury items, particularly in the fur field. We also let go some of what we thought are minor items, such as sewing thread for garment plants and home sewing, and narrow fabrics, which are used extensively in the manufacture of men's suits, women's clothing, children's and infants' clothing, for bindings. We exempted those items from price control. Our experience was not too good.

Mr. CELLER. What are some of the other articles?

Mr. KETCHAM. Potatoes is one.

Mr. LEVITTIES. There is a list of more than 1,500 commodities that were exempted by the Office. We have exempted toys, for example, in the consumer durable field, with the exception of wheel goods.

Mr. CELLER. What effect did those exemptions have on the inflationary movement?

Mr. KETCHAM. We had one horrible case in the situation of citrus fruits, where the price immediately jumped up and we had to re-institute the control. On potatoes I understand the situation has become a little worse than it had been. I understand potato prices are starting to creep up, and some action may be necessary with respect to them.

Mr. HANCOCK of New York. A man in the fruit business told me that you lifted the ceiling on citrus fruits at a time when citrus fruits were scarce, in between crops, and you put the ceiling back on just when the crop came in, and that you were not acting entirely in good faith. I am just repeating what was told me. You lifted the ceiling when the price would have gone up anyway, and you put the ceiling back on when the price would have come down.

Mr. LEVITTIES. As a matter of fact, the facts are entirely different from that which the gentleman told you. As I understand it—and I want to repeat, food is not in my division, but I know the story on the citrus fruit problem—the Florida crop was estimated to be the best in years. Everybody, the industry and the Office of Price Administration, felt that now was the time to decontrol, and they recommended decontrolling. Unfortunately, however, at that particular

time—I think it was the latter part of November—there was a terrific movement of troops.

Mr. CELLER. In 1945?

Mr. LEVITTIES. Yes, 1945; and a movement of freight, and they could not move the crop fast enough out of Florida. However, the Office could not foresee that, and they lifted control.

Immediately after lifting the controls, oranges went up on an average 30 percent in price, and in some localities on some grades as high as 100 percent. The industry was warned that unless it put its own house in order the Office would reimpose controls on citrus fruits. That was at a peak crop, when there was a surplus, as a matter of fact. Everybody said, "We are going to have more oranges than we will know what to do with, and certainly supply and demand ought to take care of the price situation." But the experience was anything but that.

Mr. JENNINGS. Did the bottleneck in transportation cause it?

Mr. LEVITTIES. It might have contributed slightly, but when the bottleneck in transportation cleared up, prices still stayed up.

Mr. KETCHAM. Incidentally, with respect to what Mr. Hancock said a little while ago as to bad faith, the decision to reinstitute controls on citrus fruits was made by the Director of the Office of Stabilization Administration after a full hearing of all the interested parties. OPA did not make the decision.

Mr. CELLER. What about the California crop? Would that indicate surpluses, too?

Mr. LEVITTIES. I do not know the facts on that. I think that comes in at a different period in the year.

Mr. CELLER. But you have exercised control over all citrus fruits.

Mr. LEVITTIES. Yes, sir.

Mr. LANE. I would like to ask the speaker what, if anything, is being done to relieve the shortage of men's garments, such as suits, overcoats, topcoats; whether or not any move is being made by your department to help in that very serious situation.

Mr. LEVITTIES. I think a great deal has been done and is being done in that direction. We are, of course, cognizant of the fact that there are millions of returning servicemen coming back who, instead of needing one suit, will need several suits. They either outgrew their old garments or maybe they discarded them before they went into the Army.

The Civilian Production Administration—and that is the primary reason why we are here, to try to indicate to you our concern about the continuance of the Second War Powers Act—issued a channeling order requiring wool mills to set aside a given quantity of their production below a certain price per yard to produce low-priced suits that will wholesale at \$22.50 and retail around \$31 to \$32. That set-aside is supposed to take care of approximately 50 percent of the unit production of the industry.

We have had the industry down, and they had a problem in linings. They could not get enough linings. Well, the Office of Price Administration worked out an incentive plan with the rayon lining producers.

Mr. CELLER. A 50-percent set-aside at a mill, was it not, to be used for linings for men's clothing?

Mr. LEVITTIES. Yes.

Mr. CELLER. How is that worked?

Mr. LEVITTIES. Well, a mill is directed to accept CC ratings, which the CPA assigns to the manufacturer of the garment, on certification that he will produce suits at or below \$22.50 wholesale. He states the quantity that he used in a base period, and they try to give him as much goods as he produced in the base period.

Mr. CELLER. In other words, you prefer those manufacturers who can produce a suit that will sell to the consumer at \$31 or \$32?

Mr. LEVITTIES. Exactly.

We had a lining problem, and we got the rayon converters in and gave them an incentive pricing plan to produce an additional 45,000,000 yards of linings, so that suits will not have another bottleneck after they get the wool fabrics.

Yesterday I understand, an order modifying the pricing of men's tailored clothing, giving the industry relief that was badly needed in the low-end field for the production of, or trying to remove price impediments from the production of low-end garments, was issued and that should solve the problem, and in the course of a month or 6 weeks the retail stores should begin to get reasonable quantities.

But there is this however, to be said. There is just a certain quantity of goods that this country can produce in each given industry. Estimates are floating around that the current demand requires approximately 40,000,000 men's suits a year. The industry in its peak produced only twenty or twenty-one million suits. They have undertaken, through working overtime and training additional employees, to increase that.

Mr. CELLER. Will you repeat that? You say they require now 40,000,000 suits?

Mr. LEVITTIES. Under current demands, the requirements are for 40,000,000 suits. The industry never produced more than twenty or twenty-one million suits. They have undertaken to produce 28,000,000 suits in 1946. You must bear in mind the fact that the current demand of the country as a whole, aggravated further by the returning veterans' demand, puts a terrific pressure on the quantity of goods that is available.

Mr. LANE. It all comes down to this: As a result of the program on which you are working, in about a month or 6 weeks there will be some relief. It will not take care of the situation entirely, but there will be more suits on the market for the consumers.

Mr. LEVITTIES. Correct.

Mr. HANCOCK of New York. What are you doing to provide stockings for our lady friends?

Mr. LEVITTIES. Nylons?

Mr. HANCOCK of New York. Or rayons. We are told rayon has been diverted into making raincoats and other things, and the girls cannot get stockings, and they do not like it.

Mr. LEVITTIES. So far as the Office of Price Administration is concerned, we do not interfere with the channeling of goods. That is CPA's function.

Mr. HANCOCK of New York. You work together on those things, do you not?

Mr. LEVITTIES. Yes. Let me try to explain what has happened.

During the war, nylons were frozen for civilian use. The War Production Board at that time allocated quantities of rayon to producers of hosiery for the production of women's hose. That was the only type of fiber that was available. Immediately after the war the nylon restrictions were removed, and du Pont, who is the sole producer of nylon yarn, said:

In a very short time we will supply sufficient yarn to the hosiery producers to produce 36,000,000 dozen pairs of hose a year.

They have had some difficulty. They cannot supply, currently, at that rate, although they expect to within the next 2 or 3 months hit that monthly rate.

At the same time the War Production Board canceled its allocation of rayons to hosiery manufacturers. The result is that there is a temporary shortage of women's hose, whether it is rayon or nylon.

Mr. HANCOCK of New York. Why did they cancel the allocation of rayon?

Mr. LEVITTIES. They felt the nylon yarn supply would be sufficient in a very short time, and they wanted to get out from as many controls as they could, and they said, "We will forget about rayons. You will shortly have all the nylons you need," but it did not materialize quickly enough, although it will.

Mr. CELLER. I understand some of the rayon manufacturers, instead of allocating certain quantities of their products to linings or hosiery, are making what is called end products. They are manufacturing curtains and upholstery out of rayon, and they thereby make larger profits. In other words, instead of selling to those who manufacture commodities, like men's clothing, women's clothing, infants' apparel and stockings, they are making the so-called end products directly for sale to the consumer.

Now, is it not possible, at the mill end, or at the mill stage, to set aside, or compel these mill operators to set aside, a certain amount of rayon for the manufacture of clothing for men, women, and children? Has that been done, or are there any attempts to do that?

Mr. LEVITTIES. Congressman Cellar, I would like to give you an answer to that in two parts. Part one, that there has been a tendency toward integration, where a producer of yarns produces the cloth, finishes the cloth, and produces the end garment. That has contributed great concern to the small business people of this country, who relied on certain sources of supply. Those sources of supply are now cut off from them. The Senate Small Business Committee has devoted considerable time and any number of hearings to that very problem.

Of course, these small users are demanding that CPA or some Government agency that has the power—we do not have that power, definitely, in OPA—to require equitable distribution as of a base period, which would probably solve this problem. So far no particular progress has been made, except that the Government agencies affected are cognizant of the situation.

Mr. CELLER. How do you feel? Do you feel there should be some set-asides in that regard?

Mr. LEVITTIES. Well, part two will answer the question of set-asides. In addition to this men's clothing order that CPA instituted, they are currently also channeling for low end, low-priced, products, rayons, wools, and cotton goods for the production of men's shirts, shorts, and

women's dresses and children's dresses and cotton dresses and wool coats and what not. There, too, they use the technic of a cut-off price which represents roughly the 50 percent point at which the product was produced in units in the base period, and they give priority assistance for the production of that merchandise.

Mr. CELLER. So you agree with the idea of that?

Mr. LEVITTIES. Definitely. That is why we are here. If we do not get channeling and direction to produce certain types of goods, our stabilization program so far as textiles and clothing are concerned may as well be scrapped.

Mr. CELLER. In other words, if we do not extend the war powers you would not have the right to issue the orders for set-asides, like, for example, 50 percent of the linings used for set-asides.

Mr. LEVITTIES. We do not have the right. CPA has the right under the Second War Powers Act. We are merely here to point out the fact that if you take that right away from them, you are crippling the stabilization program so far as textiles and clothing are concerned.

Mr. CELLER. And you could set the price as low as you wished and you would not be able to get any goods to meet that price.

Mr. LEVITTIES. Probably.

Mr. CHELF. Who is in charge of the enforcement duties of OPA?

Mr. KETCHAM. Mr. George Moncharsh.

Mr. CHELF. I have had considerable complaints from a number of grocers in my district. Of course, I have had complaints about the lack of clothing and wearing apparel and hose and all that sort of thing, but there has been another complaint that I feel I would be derelict in my duty if I did not call it to your attention. That is, there seems to be an overzealous attitude on the part of some of the enforcement agents when they are going around to the various grocery stores. They will catch a sign, for instance, where a can of peas or a can of corn is concerned, where there might be a price of, say, 12 or 13 cents. Of course, the grocer is having his labor problems and troubles just the same as anybody else. Maybe he has to hire some kid after school hours, and so forth, to try to help him out. He is not well versed in the situation; he does not know the prices as well as he might, and when the shelves become depleted more or less and they want to restock them, maybe this kid will put a can of peas where a can of corn should have been, and the little market tag there might be 1 cent over.

I have had any number of complaints where good, old-time, honest-to-goodness grocers who have been in business around 40 years, 70 years of age, have been fined two or three times on the question of just 1 cent and it looks to me as though there is a lack of understanding there and a lack of cooperation on the part of the enforcement agents to give those fellows a decent break.

For instance one man wrote me a letter that was right pitiful. He did not want me to divulge his name to OPA because he was afraid the agents would come down there and single him out and close him up as they had threatened to do because of the fact that he had been fined twice previously because of a variance of 1 cent in the price on those tag lists.

Mr. KETCHAM. That would never happen.

Of course our enforcement division has been accused of being overzealous and it has been accused of being overlax. You must remember it is one God-awful job. We are very much understaffed. We are a large organization. Possibly mistakes such as you refer to if it was a mistake do occur. I would suggest that if you have such situations that you take them up with Mr. Moncharsh and his people in the national office and find out exactly what the situation is and see if it cannot be corrected because they are very much interested in getting your views on these sore points or irritations. If you would like, I will have him call you this afternoon or tomorrow morning and get the specific case.

Mr. CHELF. I will be mighty happy if you will do that, because just a short time ago, which just dovetailed with this particular situation in my district, there was a meeting here in Washington of quite a few of the Retail Grocers Association members from out in Kentucky, and they met in Congressman O'Neal's office and called all of the Kentucky delegation in, and they cited one case after another, just right along the line I have given you here.

Up to that hour I had not had any direct complaint, and I was congratulating myself that we were getting along all right in my district. My district, of course, literally surrounds or engulfs Jefferson County, in which Louisville is located, where you have your enforcement agency. That is where all your enforcement agents are located, and of course they get down into the Fourth District.

I was very much disturbed about this, because I have known this old man for years and years and years, and he has the respect of respectable people in that community, and whenever a man writes you a letter and says that he is fearful of divulging his name because he is afraid that the agents of the organization of OPA will single him out and close him up, you know that is where the bad reaction comes in.

Mr. KETCHAM. I can assure you that would not happen.

Mr. CHELF. I am just trying to be helpful. I am trying to give it to you as a constructive criticism if you want to accept it in that light. We fellows are trying to do a job, just as you fellows are. Our necks are out as far as they can go insofar as the extension of these war powers is concerned, and if we go along and vote for this extension, to try to keep the situation under control from an economic standpoint, we get the devil from them, when they say to us, "Why do you do it, when you know these facts exist?"

Mr. KETCHAM. I will have him call you tomorrow morning.

Mr. LEWIS. The same sort of complaints come from my district in Ohio.

Mr. CELLER. What is the situation with reference to black markets, and what has your enforcement bureau done, and is it the same answer, that you are understaffed and underpaid, and therefore cannot meet the situation?

Mr. KETCHAM. We are doing the best we can with what we have to work with. As I said, as the pressures grow greater on the price program, the enforcement problems become much greater, and there has been a tendency, I think, on the part of the American people, with the war over, to have less of a feeling of patriotism in complying with regulations. We have attempted to point out to them that price-

control regulations are as important now as during the war, and probably more important, and there is more difficulty, but there is a sort of a general tenor of let-down throughout the country.

Mr. CELLER. Have you made a survey with reference to black markets?

Mr. KETCHAM. I cannot answer that question with a complete degree of knowledge, but I think there have been considerable surveys made in New York with respect to the textile black markets, and they are conducting quite a campaign there.

Mr. LEVITTIES. I might add something to that, Congressman Celler. I know for a certainty, and you probably have seen in the press in the last week, that the Department of Justice, the Treasury Department, and the OPA have joined hands in order to combat the black market in textiles and clothing, primarily, because it is developing into a very serious situation.

Mr. HOBBS. The House is in session, gentlemen, and we have completed with the witnesses for today. We are very grateful to you both for coming here.

We will now recess for the time being, subject to the call of the Chair.

(Whereupon, at 12:10 p. m., the hearing was recessed, to reconvene upon the call of the Chair.)

(The following was submitted for the record:)

STATEMENT OF CHESTER BOWLES, DIRECTOR OF ECONOMIC STABILIZATION, BEFORE HOUSE JUDICIARY COMMITTEE, IN SUPPORT OF EXTENSION OF THE SECOND WAR POWERS ACT

Since I have been charged with responsibility for directing the Nation's stabilization program, I am particularly grateful for this opportunity to testify before your committee.

The plain fact is that the powers granted to the administration by the Second War Powers Act are vital to the stabilization program. Therefore, I earnestly recommend that the act be extended, that it be extended promptly, and that it be extended for a full year beyond June 30, 1946.

As we continue with the task of reconverting to a stable peacetime economy during the critical months ahead we shall need all of the tools which can be brought into play to do the job. We have found that in many crucial areas priorities, inventory controls, and the authority to allocate scarce materials are indispensable aids to the achievement of vital production goals and to price control. The expiration of those powers at this stage of the program would be a crippling blow, with disastrous consequences for the general welfare.

The agencies directly concerned with the administration of the act have described to this committee the specific applications of those powers. I need not go over that ground again. What I should like to do is to emphasize the relationship between these controls and the stabilization program.

The fundamental importance of these powers to the stabilization program lies in the fact that they are essential aids to production. Our only hope of victory in the battle against inflation is full production. Each time the Civilian Production Administration, using the authority of the Second War Powers Act, breaks a production bottleneck, we move a step nearer victory in that battle. Each time a production schedule is speeded by the use of those powers we move a step nearer that victory. Taken as a whole, these powers provide a framework for an orderly, efficient transition to full peacetime production, without which progress in the fight against inflation would be impossible.

Reconversion bottlenecks breed on the maldistribution of materials. Mr. Small has cited to the committee many instances of the use of priorities and allocations to avoid and break these bottlenecks. One of the most significant illustrations is the case of fractional horsepower motors. Here is a commodity manufactured for two major types of use. These motors are needed as parts for

consumers' goods such as vacuum cleaners and refrigerators, for which there is a tremendous accumulated demand; they are also needed in the manufacture of industrial machinery on which further production depends. If we are soon to achieve the high production level that is our prime economic imperative, we must choose between the immediate satisfaction of consumer demand for a few items and the rebuilding of an industrial plant capable of full production for all needs. The Second War Powers Act makes possible such a choice.

While we are speaking of production let me emphasize a basic factor that is of equal importance. It is a truism that production is the answer to inflation. Everybody is saying it. But that is true only if the fruits of production are made available to consumers. When we speak of production in this connection, we visualize a steady flow of goods to the people who want and need them. If we cannot make this assumption, because goods are hoarded after being produced, the whole premise of the argument fails and the reverse becomes true. Increased production means increased purchasing power and increased demand for goods. But if the goods which are produced are withheld from the market, in anticipation of higher prices or out of fear that supplies may be interrupted, the forces of inflation are multiplied. Demand is increased without a compensatory increase in the available supply, and all the hope and effort invested in the stimulation of production is nullified in the welter of intensified inflationary forces. Production itself is stifled and stultified as raw materials are withheld from distribution. The inventory controls which are administered by the Civilian Production Administration under the Second War Powers Act are our first line of defense against the disastrous consequences of hoarding.

Nothing could contribute more to instability of the economy than the removal of inventory controls at this stage of the reconversion process. In that direction lie not only the ravages of inflation, but also the certainty of ultimate collapse. In the scramble for raw materials, the small businessman would be crushed; stocks would be accumulated by some far in excess of their needs, while others would be unable to obtain their minimum requirements; multiple ordering would be rampant; the volume of orders—the currency of production—would become grossly inflated. Opening the door to a wildly fluctuating inventory and order position is as sure a way as any to get into the fatal cycle of artificial boom and very real collapse. Our experience in this respect after the last war is a lesson never to be forgotten.

At the time of the armistice in November 1918 opinion was unanimous that the reduction of Government expenditures and war production would cause a drastic decline in prices and business activity, and that the inflation problem would disappear. Wartime controls were relaxed rapidly and within a few months after the armistice the process of turning the economy over to the play of market forces had been virtually completed. Price controls, conservation orders, priority regulations—almost everything—vanished in one sweeping liquidation. Prices did in fact decline in the months following the armistice. Wholesale prices of semimanufactured articles declined by an average of 18 percent. Textiles fell 21 percent, chemicals 30 percent, and nonferrous metals 32 percent. The cost of living also declined slightly. The view that all danger of inflation had disappeared, so generally held at the time, appeared to be justified.

This downward movement ceased in the first quarter of 1919, however, and a rapid rise began which, by the middle of 1920, carried wholesale prices of semimanufactured goods 55 percent and the cost of living 29 percent above the level prevailing at the time of the armistice. A major factor in bringing about the reversal of the downward trend and starting prices on their upward march, along with increased foreign demand and heavy consumer buying of clothing and house furnishings, was the rush by business to build up its inventories. Once the rise began, speculative inventory buying developed, prices were forced higher, business bought more heavily and raised prices still further.

Inventory accumulation more than any other factor accounted for the great heights to which prices rose. For the year 1919 as a whole the value of business inventories increased by \$6,000,000. This figure was roughly one-tenth of the entire national output. In terms of present magnitude, this is comparable to an increase of perhaps 15 to 20 billion dollars.

In mid-1920 this speculative spiral collapsed. This is the inevitable end of any boom based on speculative inventory accumulation for a mere decline in the rate of accumulation throws the process into reverse. Wholesale prices fell 44 percent between May 1920 and June 1921. Inventory losses due to the fall

of prices between the middle of 1920 and the middle of 1921 have been estimated at \$11,000,000,000. In 1921 liabilities in bankruptcy were almost double those of any previous year. Factory employment fell 31 percent and factory pay rolls fell 42 percent in the short interval between the 1920 high and the 1921 lows.

Apart from effective price control itself, no single measure would have been so effective in preventing that postwar inflation as inventory control.

Let me call to your attention here another major contribution of the Second War Powers Act to the success of the stabilization program. Price control is not achieved merely by spreading regulations on the books. The measure of the effectiveness of the program is the extent to which its terms are complied with. I can say to you flatly that without the aid of priorities and allocation controls there would be a break-down in compliance with Office of Price Administration regulations in crucial areas. If critical materials which are in extremely short supply were to be made available for indiscriminate distribution, the unrestricted demand would so far outstrip the supply that the mechanisms of price control alone would not withstand the pressure. But when these materials are channeled where they are most needed, and the demand for nonessential uses and speculative purposes is curtailed, the job of securing compliance is reduced to manageable proportions.

Effective stabilization—keeping down the real cost of living—would not be possible without the aid of the Second War Powers Act. Clothing and shelter are our gravest concerns; and our programs for producing apparel and housing at prices which veterans and workers can afford are dependent upon the authority of that act. We are asking manufacturers to produce great quantities of clothing in the lower price brackets; we cannot do that, and they cannot do it, unless they can be assured of adequate supplies of the required materials. We are asking the construction industry to embark on the most ambitious program in history to provide housing at reasonable cost. This is good business for the country, and good business for the contractors so long as we can assure them of an uninterrupted flow of building materials for the program. If we cannot, it is not only not good business, it is deception of the veteran, of industry, of the country, and of ourselves. Interruptions in supply will mean delays in construction, difficulties in retaining labor, and mushrooming costs. Construction of houses at reasonable prices—at prices which veterans and their families can pay—would be impossible without the aid of priorities and allocations to expand the production and assure the flow of essential building materials.

Let me ask again that action be taken on this matter with all possible speed, and that extension be for a full year.

So long as June 30 looms as the expiration date for these powers, we face a period of uncertainty and disorganization in production and distribution arrangements. Businessmen must plan ahead, and the prospect of unrestrained bidding for scarce materials after June 30 is even now an important disturbing factor. As that date draws closer there is sure to be a slackening of confidence and a deterioration of compliance, especially with respect to inventory controls, as the competition for position in the unrestricted market becomes intensified.

Extension for less than a year is not enough. The problems with which we are dealing require that our ability to make necessary arrangements be assured for a reasonable period of time. In many lines we are asking unusual expansions of production. We are asking that new plants be built and old ones modernized to supply essential items such as plywood, wallboard, concrete and cinder block, lumber and clay products. As I have said before, we are asking the construction industry to gear itself to an unprecedented level of building activity. If these efforts are to succeed, we must be able now to give assurances that the Government will stand by as long as the need exists, to help in solving procurement problems and to assure a steady flow of materials and supplies.

It is not always necessary to invoke the provisions of the Second War Powers Act to get the desired results. With the powers of the act in reserve, to be called into play if necessary, informal arrangements can often be relied on to accomplish the purpose. And none of these controls will be retained longer than the circumstances require. We are operating under the President's mandate "to move as rapidly as possible without endangering the stability of the economy toward the removal of price, wage, and production and other controls and toward the restoration of collective bargaining and the free market." We must, however, be able to give assurances that these powers will continue to be available while the need exists. And we cannot foresee all possible contingencies. Last year, when we asked extension of this act, we could not foresee the emergency which has required the Department of Agriculture to revive, under this act,

certain of its controls in the food field. Yet if these powers had not been available, there would have been no way of meeting our commitments with regard to exports without placing a heavy strain on the stabilization program. As it is, the Second War Powers Act will enable the Department of Agriculture to take steps adjusting our operations to meet this emergency with a minimum of dislocation.

While this war-borne danger of inflation continues to exist, I believe that we must take a leaf out of our war book and continue to fight inflation with all of the weapons we have—just as we fought inflation before VJ-day. During the war, using a combination of weapons, we kept control of the cost of living and at the same time we produced tremendous quantities of both war materials and civilian goods. We did not try to fight inflation with price and rent controls alone. While the war was going on everybody seemed to understand that you couldn't keep a kettle from boiling over just by putting a lid on it. Everybody understood that you had to turn down the fire or pour off some of the water to relieve the pressure on the inside.

Nobody likes regulations, and during the war we all had enough to last us for a lifetime. When VJ-day came there was a strong and very natural sentiment for getting rid of all controls as quickly as possible. A great many people, in and out of government, thought that it was going to take a good many months to change our factories over from the production of war goods to making refrigerators and washing machines and nylon stockings. During that period, many people expected that we would have a tremendous amount of unemployment. As a result, with less money in people's pockets, buying, it was felt, would naturally slow down and pressure of excess demand on prices would be relieved.

It is perfectly clear now as we look back on it that the Government acted much too fast in dropping some of our wartime controls. And it has become increasingly clear that price regulations by themselves just couldn't keep the lid on the inflationary pressures.

When President Truman asked me to mobilize all of the country's forces in a renewed, all-out attack against the pressures that threaten to force rents and prices higher, I knew I was taking on a tough assignment. However, I accepted it because I felt sure that the American people understood their stake in this fight and would support a real, all-out effort. I still feel that way. Continuation of the Second War Power Act is an indispensable prerequisite to that all-out attack.

Again, I want to urge as forcefully as I know how that the act be extended promptly for a full year beyond June 30, 1946.

NAVY DEPARTMENT,
Washington, March 11, 1946.

HON. SAM HOBBS,

*Chairman, Subcommittee No. 4, Committee on the Judiciary,
House of Representatives, Washington, D. C.*

DEAR CHAIRMAN HOBBS: During the course of the hearings before your subcommittee on March 4, 1946, relating to extension of the Second War Powers Act, you indicated that it would be acceptable to your subcommittee to receive the Navy's views in the form of a written statement rather than by testimony of witnesses. This procedure is entirely satisfactory to the Navy, and the following statement is accordingly submitted.

In the October hearings on the same subject, the Navy requested the extension of titles II, III, V, and XI. Subsequently by letter of November 7, 1945, the Acting Secretary of the Navy requested extension of title I. Since that time the Navy's interest in title V has been taken care of by permanent legislation, and it has now become apparent that no further extension of title XI beyond June 30, 1946, will be necessary so far as the Navy is concerned.

The Navy's present interest is therefore confined to titles I, II, and III. The Navy Department requests that these titles be extended until June 30, 1947.

Extension of title III and the priorities and allocation authority therein, is considered essential. It is true that the quantity of material procured by the Navy has been greatly reduced since VJ-day. Nevertheless priority and allocation powers are still needed so that, so long as critical shortages of certain materials exist, the procurement of these materials will be assured to the extent necessary for the operation and maintenance of the fleet and the conduct of demobilization activities.

Extension of the property disposition powers remaining under title II is necessary to the granting of easements for relocation of roads and similar matters of benefit to the Navy in connection with settlement of titles of lands previously acquired by the Navy under the act. Extension of title I and the power of the Interstate Commerce Commission thereunder to authorize temporary interstate operation of certain bus lines is necessary to the continuance of important Navy activities situated near State boundaries.

Should there be any question as to the extension of titles I, II, and III, the Navy Department would like an opportunity to be heard and present evidence with respect to the necessity for the extension herein requested. The Department will, of course, be glad to furnish any further information or to present evidence, should your subcommittee so desire.

Yours sincerely,

W. JOHN KENNEY,
Acting Secretary of the Navy.

TREASURY DEPARTMENT,
Washington, March 7, 1946.

Hon. SAM HOBBS,

Chairman, Subcommittee No. 4

Committee on the Judiciary, House of Representatives.

MY DEAR MR. CHAIRMAN: Reference is made to the proposal to extend certain titles of the Second War Powers Act, which is understood to be pending before your committee.

Title IV authorizes the several Federal Reserve banks to hold United States securities purchased directly from the Treasury in an amount not exceeding \$5,000,000,000 at any one time. This power is one of the instruments in the possession of the Federal Reserve authorities for maintaining member bank reserve balances during short periods of large Treasury receipts from taxation, or from borrowing not paid by war-loan account. Its use has been that of assisting in the maintenance of smooth money market conditions rather than that of facilitating Treasury financing per se. The Department is informed that the extension of this authority beyond June 30, 1946, is being recommended by the Board of Governors of the Federal Reserve System. Such extension for a period of 1 year is considered desirable in order to facilitate the transition in the national finances from a wartime to a peacetime basis.

Title V authorizes the waiver of navigation and vessel-inspection laws in certain cases. Under the authority of this title, the Secretary of the Treasury has from time to time issued orders waiving compliance with certain provisions of the navigation laws, principally at the request of the War and Navy Departments and the War Shipping Administration. Upon the return of the Coast Guard to the Treasury on January 1, 1946, the Secretary of the Treasury assumed responsibility for the administration of the vessel-inspection laws and therefore is now authorized to waive them in addition to the navigation laws. The shortage of personnel and matériel needed for full compliance with the navigation and vessel-inspection laws will probably continue to be acute for many months to come. The return of troops from overseas stations, movements of personnel and supplies to and from occupied areas, and rehabilitation programs require extensive use of ships and will render very desirable the continued relaxation of peacetime requirements through the exercise of the waiver power. The Department therefore recommends that title V be extended for a period of 1 year.

Title XI as now in force authorizes the Secretary of the Treasury to accept until June 30, 1946, gifts for the benefit of personnel of the armed forces of the United States stationed abroad. Insofar as this Department is concerned, the further extension of title XI is not recommended.

Very truly yours,

FRED M. VINSON, *Secretary of the Treasury.*

OFFICE OF PRICE ADMINISTRATION,
Washington 25, D. C., March 7, 1946.

The Honorable SAM HOBBS,
Chairman, Subcommittee of the Committee on the Judiciary,
House of Representatives, Washington 25, D. C.

DEAR MR. HOBBS: As Mr. Frank Ketcham has stated to your subcommittee, this agency is very much interested in the continued inclusion of titles VII and XIV of the Second War Powers Act, as well as title III, with respect to which he testified this morning.

Title VII excludes from the provisions of the Hatch Act part-time officers or part-time employees without compensation or with nominal compensation, serving in connection with the existing war effort other than in any capacity relating to the procurement or manufacture of war material.

This is of keen interest to us with respect to the members of our local price-control boards. Although by administrative order we have insisted upon a higher degree of abstinence from political activities on the part of our volunteer workers than is required by the Hatch Act, still we feel that it would be a serious reflection upon our loyal workers if, at this late stage, title VII were singled out to be omitted. The consequences of this would be particularly unfortunate at this time when we are having such difficulty in keeping the services of our volunteers.

Title XIV permits the Secretary of Commerce to make available to other agencies of the Government under rules to be prescribed certain information which he would not otherwise be permitted to disclose because of other provision of law. Under this title we have been furnished by the Department of Commerce certain information which has been invaluable to us in the administration of the stabilization program. Had we not been able to obtain this data from the Department of Commerce, we should have had to collect it ourselves at considerable expense and by unnecessary duplication of many of the activities of that Department in collecting information.

I am listing below the requests for confidential information which we have made to the Department of Commerce since January 1, 1945, so that your subcommittee may have some idea of the use we make of title XIV.

<i>OPA Project No.</i>	<i>Information requested</i>
5752-----	For all shoe wholesalers in the United States, on record in the 1939 Census of Manufactures, name and address, total dollar sales, and dollar sales to each class of customer.
6179-----	For certain producers of heavy and light type of steel shipping barrels and drums; total dollar value of production for sale and production by type of product, during the year 1944.
6181-----	Production of commercial steel castings during the year 1944 for each company which reported such information to the Bureau of the Census.
6182-----	Production of hardwoods in specified groups of counties during 1942.
6183-----	Names and addresses of all sawmills which produced 50,000 board feet or more of walnut lumber in 1942.
6202-----	Names and addresses, number of stores operated, and total sales of 175 chain organizations classified in the 1939 Retail Census as "Meat markets."
6221-----	List of sawmills which produced 1,000,000 or more board feet of hardwood lumber in 1943.
6406-----	Names and addresses of all establishments classified in industry group "Meat packing, wholesale" and for each, as reported in 1939: <div style="margin-left: 40px;">(a) An indication whether federally inspected.</div> <div style="margin-left: 40px;">(b) Amount of meat produced by type of animal, i. e., beef, veal, lamb, mutton, and pork.</div>
6425-----	Names and locations of all cotton gins which operated in the United States during the 1944-45 season, and the number of bales ginned by each during that season.
6426-----	For specified cotton textile mills: <div style="margin-left: 40px;">(a) Production of each type of fabric, and consumption of fabric used in that production.</div> <div style="margin-left: 40px;">(b) For year producers, the kind of yarn and yarn numbers produced.</div>

OPA Project No.

Information requested

- 6465----- Names and addresses of producers of inner-spring mattresses and value of production of specified types of mattresses as reported in the 1939 Census of Manufactures.
- 6550----- Names and addresses of producers of photographic equipment and value of equipment as reported in the 1939 Census of Manufactures.
- 6567----- Names and addresses of metal furniture manufacturers, and value of production of specified types of metal furniture as reported in the 1939 Census of Manufactures

I, therefore, respectfully urge that titles III, VII, and XIV be extended for 1 year until June 30, 1947.

Sincerely yours,

PAUL A. PORTER,
Administrator.

WAR SHIPPING ADMINISTRATION,
Washington, March 6, 1946.

HON. SAM HOBBS,
*Chairman, Subcommittee Committee on the Judiciary,
House of Representatives.*

DEAR CONGRESSMAN HOBBS: It has come to my attention that the subcommittee of which you are chairman, of the House Committee on the Judiciary, is presently considering legislation which would extend certain provisions of the Second War Powers Act.

The War Shipping Administration desires that titles I (emergency powers of Interstate Commerce Commission over motor and water carriers) and title V (waiver of navigation and inspection laws) be extended.

The reasons for such extension are the same as those which existed at the time the subcommittee conducted hearings last October. Those reasons are set forth in some detail in the hearings before Subcommittee No. 4 of the Committee on the Judiciary, House of Representatives, concerning the termination of hostilities.

Sincerely yours,

GRANVILL CONWAY, *Acting Administrator.*

UNITED STATES COAST GUARD,
Washington 25, D. C., March 8, 1946.

HON. HATTON W. SUMNERS,
*Chairman, Committee on the Judiciary,
House of Representatives, Washington, D. C.*

DEAR MR. CHAIRMAN: The Coast Guard's interest in the Second War Powers Act, 1942 (56 Stat. 180 (50 App. U. S. C. 635)), is confined to title V of the act which authorizes the waiving of navigation and inspection laws. The Coast Guard's interest in this title stems from the transfer by Executive order of the former Bureau of Marine Inspection and Navigation from the Department of Commerce to the Coast Guard.

Because of its interest in safety at sea, the Coast Guard would much prefer not to waive any of the inspection and navigation laws; and now that the active fighting is over, every effort is being made to reduce the number of waivers issued under authority of title V. However, the demand for ships continues at a high level, there is still a shortage of personnel to man the vessels and some materials and items of equipment remain scarce. All of these factors demand waivers and, as far as can be seen now, some of these factors are likely to continue in existence for at least another year.

Among the reasons for the continuance of shipping at a level almost as high as that attained during the active fighting are—

- (a) The continued carrying of troops.
- (b) The bringing of war brides and children to this country.
- (c) The transportation of families of service personnel to foreign theaters.
- (d) The repatriation of displaced nationals and prisoners of war.
- (e) The humanitarian program of providing food, clothing, and fuel to the war-torn countries.

Unless the waiver power is extended the number of passengers that can be carried will be greatly reduced, e. g., cargo vessels will not be able to carry more than 12 passengers and passenger vessels that have been converted to troop carriers will be limited to the capacity of the vessel's lifeboats. The imposition of such limits would seriously retard the programs listed in the preceding paragraph.

Because of the continuing shortage of personnel, waivers are necessary in order that—

(a) Foreign officers who had served faithfully and well on our vessels during the war may still be used.

(b) Officers and seamen may be given higher licenses or certificates after periods of service less than that required by the statutes.

(c) Personnel may be used temporarily in positions higher than that for which they are licensed or certificated.

Many vessels are at present operating under waiver because of the scarcity of certain materials, such as some forms of steel and electrical wiring, equipment, and appliances. Without the waivers such vessels might have to be laid up until the materials become available.

In view of the above facts, considerable difficulty will be encountered in meeting the demands for war transportation unless the waiver power is extended. The Coast Guard, therefore, strongly recommends that title V of the Second War Powers Act, 1942, be extended for a period of 1 year beginning July 1, 1946.

By direction of the commandant.

Very truly yours,

L. SPENCER,
Rear Admiral, United States Coast Guard,
Chief, Office of Merchant Marine Safety.

AMERICAN MERCHANT MARINE INSTITUTE, INC.,
New York 4, March 5, 1946.

HON. SAM HOBBS,

Chairman of Subcommittee No. 4, House Committee on the Judiciary,
House Office Building, Washington, D. C.

DEAR CONGRESSMAN HOBBS:

EXTENSION OF SECOND WAR POWERS ACT

The American Merchant Marine Institute, Inc., is a trade association representing a substantial majority of American-flag ocean-going merchant tonnage, and comprises in its membership approximately 70 major United States steamship owners and operators, including dry cargo, tanker, and collier groups.

The institute acts in a representative capacity on behalf of all its member companies relative, among other things, to pending legislation in Congress that would affect, or which is of interest to, the shipping industry.

With respect to the hearings now being conducted by your Subcommittee No. 4 of the House Committee on the Judiciary relative to the proposed extension of the Second War Powers Act beyond June 30, 1946, the institute desires to officially go on record as being very much in favor of such extension, especially so far as title V of the act is concerned. Under title V, the head of each Government department or agency responsible for the administration of navigation and vessel inspection laws is authorized to waive compliance with such laws upon the request of the Secretary of the Navy, or Secretary of War, to the extent deemed necessary for war or emergency purposes by the officer making the request. Such department or agency head is authorized to waive compliance either upon his own initiative or upon written recommendation of the head of any other department or agency of the Government.

We submit that it is very desirable from the standpoint of maintaining the present efficient and expeditious operation of the merchant marine, in connection with the transportation of vital cargoes for the rehabilitation of foreign countries and also in the interest of our own reconversion work, to authorize the granting of navigation and vessel inspection law waivers in deserving or meritorious cases. We therefore strongly recommend a favorable report by your subcommittee to the parent committee relative to an extension of the Second War Powers Act, 1942, as amended, beyond its present expiration date of June 30, 1946.

Very sincerely yours,

FRANK J. TAYLOR, *President.*

79TH CONGRESS
2D SESSION

H. R. 5716

IN THE HOUSE OF REPRESENTATIVES

MARCH 8, 1946

Mr. HOBBS introduced the following bill; which was referred to the Committee on the Judiciary

A BILL

To amend the Second War Powers Act, 1942, as amended.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That title XV, section 1501, of the Second War Powers
4 Act, 1942, approved March 27, 1942, as amended, is
5 amended to read as follows:

6 “SEC. 1501. Titles I, II, IV, V, VII, and XIV of
7 this Act, and the amendments to existing law made by
8 any such title, shall remain in force only until March 31,
9 1947, or until such earlier time as the two Houses of Con-
10 gress by concurrent resolution, or the President may desig-
11 nate, and title III of this Act, and the amendments to

1 existing law made by such title, shall remain in force only
2 until June 30, 1947, or until such earlier time as the two
3 Houses of Congress by concurrent resolution, or the Presi-
4 dent, may designate, and after such amendments cease to
5 be in force any provision of law amended thereby shall be
6 in full force and effect as though this Act had not been
7 enacted; but no court proceedings brought under any such
8 title shall abate by reason of the termination hereunder of
9 such title.”

10 Title XI of the Second War Powers Act, 1942, as
11 amended, is hereby repealed as of June 30, 1946.

79TH CONGRESS
2^D SESSION

H. R. 5716

A BILL

To amend the Second War Powers Act, 1942,
as amended.

By Mr. HOBBS

MARCH 8, 1946

Referred to the Committee on the Judiciary

OFFICE OF BUDGET AND FINANCE
Legislative Reports and Service Section

79th-2nd, No. 43

DIGEST OF PROCEEDINGS OF CONGRESS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE
(Issued March 13, 1946, for actions of Tuesday, March 12, 1946)

(For staff of the Department only)

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HIGHLIGHTS: Senate passed administrative procedure bill. Senate received President's recommendation on wool prices and marketing. House rejected resolution for consideration of bill for retirement of Members of Congress and executive agency heads. House received conference report on first urgent deficiency appropriation bill.

SENATE

1. ADMINISTRATIVE PROCEDURE. Passed as reported, S. 7, prescribing fair administrative procedure (pp. 2189-2208). The bill requires, with some exceptions, executive agencies to publish in the Federal Register organization descriptions, names of places of business, policy statements, certain orders, opinions, statements of rule-making procedures, notices of proposed rules, and rules; directs that other informational materials be made available; sets up procedural requirements for rule making and adjudication, including provision for hearings; sets up limitations on administrative powers; prohibits imposition of unauthorized sanctions and, except in cases of willfulness or those in which public health, interest, or safety require otherwise, provides that no withdrawal, suspension, revocation, or annulment of any license shall be lawful unless opportunity for compliance has been given prior to action; permits continuation of licensed activities until renewal application has been acted upon by the concerned agency; restates principles of judicial review of administrative action; and authorizes appointment of examiners by and for agencies, and contains certain provisions relating to their compensation and removal.
2. WOOL PRICES AND MARKETING. Received from the President his recommendations for CCC purchases to support wool on an equality with other agricultural commodities, that the purchase price shall not be revised while sheep numbers are declining, that CCC continue to sell wool at prices competitive with imported foreign wool and that the Marketing Agreements Act be made applicable to wool (pp. 2211-13).

3. SURPLUS PROPERTY. The Military Affairs Committee reported with amendment S. 1636, to amend the Surplus Property Act of 1944, to designate the Department of State as the disposal agency for surplus property outside the continental U. S., its Territories, and possessions (p. 2182).
4. ST. LAWRENCE WATERWAY. Sen. Aiken, Vt., inserted Julius H. Barnes' (Pres. Natl. St. Lawrence Assn.) testimony before the S. Foreign Relations Committee favoring this project (pp. 2183-7).
5. HOUSING. Sen. Mead, N.Y., urged support of the Wyatt housing plan to remedy the critical housing shortage (pp. 2187-9).
6. ADJOURNED until Thurs. Mar. 14.
.....
..... HOUSE
7. FIRST URGENT DEFICIENCY APPROPRIATION BILL. Received the conference report on this bill, H.R. 5458 (H.Rept. 1699) (p. 2239). The \$100,000,000 loan authorization for REA is not in disagreement.
8. RETIREMENT. Rejected, 116-217, a resolution for the consideration of H.R. 4199, to extend the existing contributory system of retirement benefits to Members of Congress and heads of executive departments (pp. 2229-36).
9. RECONVERSION. Rep. Sikes, Fla., pointed out the problems of reconversion, comparing present conditions with those of the period immediately following World War I (pp. 2237-8).
10. PRICE CONTROL. Received a Lawrenceville, Pa. citizens' petition opposing the continuance of OPA (p. 2240).
11. WAR POWERS ACT. The Rules Committee reported a resolution for the consideration of H.R. 5716, to repeal Title XI, Acceptance of Conditional Gifts, of the Second War Powers Act, 1942; to terminate March 31, 1947 Titles I, Emergency Powers of the Interstate Commerce Commission, II, Acquisition and Disposition of Property, IV, Purchase by Federal Reserve Banks of Government Obligations, V, Waiver of Navigation and Inspection Laws, VII, Political Activity, and XIV Utilization of Vital War Information; and to terminate June 30, 1947 Title III, Priorities Powers (pp. 2237, 2239).

BILLS INTRODUCED

12. EDUCATION. S. 1920, by Sen. Hill, Ala., and H. R. 5742, by Rep. Douglas, Ill., to provide for the demonstration of public library service in areas without such service or with inadequate library facilities. To S. Education and Labor Committee and House Education Committee. (pp. 2182, 2239.) Remarks of authors (pp. 2182, 2221-2).
H. R. 5743, by Rep. Gwinn, N. Y., in relation to the U. S. Office of Education. To Education Committee. (p. 2239.) Remarks of author (p. A1380)
13. FISHERIES. H. R. 5749, by Del. Pinero, P. R., to provide for the investigation and conservation of the fishery resources and the development of the fishing industry of the island possessions of the U. S. and of adjacent waters of the Caribbean Sea and the Atlantic Ocean. To Merchant Marine and Fisheries Committee. (p. 3240.)

by demands from various groups throughout the country. Millions of good Americans would not understand this action on the part of Congress, and it would shake the faith of these in their representatives. If such a system should be set up I do not feel that this is the time to do it. This includes the heads of the various departments of the Government who likely are receiving \$10,000 or more a year as salaries. We already have too many officeholders under present conditions. They can get along better than Members of Congress without this retirement act. They do not have to make any races. They are not called on for contributions as are Members of Congress.

I wish to say I accord the same sincerity of purpose to those who are supporting this legislation as I have in opposing it. Many good reasons have been assigned why Congress should pass this legislation in its interest as well as the public interest. I wish to repeat as I see it in the disturbed condition of the Nation and the world this is not an opportune time to take such action, if it should be taken at all.

AMENDING SECOND WAR POWERS ACT, 1942

Mr. SABATH, from the Committee on Rules, reported the following privileged resolution (H. Res. 558, Rept. No. 1703), which was referred to the House Calendar and ordered to be printed:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 5716) to amend the Second War Powers Act, 1942, as amended. That after general debate, which shall be confined to the bill and shall continue not to exceed 1 hour to be equally divided and controlled by the chairman of the Committee on the Judiciary, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same back to the House with such amendments as shall have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

CALENDAR WEDNESDAY BUSINESS

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the business in order on tomorrow, Calendar Wednesday, be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

EXTENSION OF REMARKS

Mr. TARVER, Mr. REES of Kansas, and Mr. COLMER asked and were given permission to revise and extend their remarks.

Mr. HAYS (at the request of Mr. TRIMBLE) asked and was given permission to extend his remarks in the RECORD.

Mr. STEWART asked and was given permission to extend his remarks in the RECORD and include a resolution passed by the stockholders of the Oklahoma Livestock Marketing Association.

Mr. DE LACY asked and was given permission to extend his remarks in the

RECORD in two instances and include in each an editorial.

Mr. COLMER asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. ROBSION of Kentucky. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD following the vote just taken on the resolution.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include a letter written to the President by the Committee for a Car for Every Amputee, and further to extend my remarks in the RECORD and include the testimony before the Committee on Expenditures in the Executive Departments of the Veterans of Foreign Wars on two bills I have introduced, one on housing and the other on surplus property priority.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. RANDOLPH. Mr. Speaker, I ask unanimous consent to include at the close of my remarks made upon the rule which was just defeated the remarks which I would have made in the Committee of the Whole had the bill been actually before us for consideration.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

DELETION FROM RECORD

Mr. HOOK. Mr. Speaker, I ask unanimous consent that a statement that was placed in the RECORD by me on February 12, on page 726, be deleted from the permanent RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

SPECIAL ORDER GRANTED

Mr. REES of Kansas. Mr. Speaker, I ask unanimous consent that today, following any special orders heretofore entered, I may be permitted to address the House for 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

SPECIAL ORDER

The SPEAKER. Under previous order of the House, the gentleman from Florida [Mr. SIKES] is recognized for 20 minutes.

(Mr. SIKES asked and was given permission to revise and extend his remarks.)

TASKS OF RECONVERSION

Mr. SIKES. Mr. Speaker, a year ago we were all looking forward eagerly to the time this country and the world would be at peace.

During those dark days we were inclined to view the post-war period through rose-tinted glasses. Faced with the grim reality of what was then taking place, it was perhaps only natural for us to regard the future with some complacency and a feeling that after the shooting was over we could all relax.

Of course, the end of the war did bring with it a tremendous sense of relief. But now that we have had a bit of time to get attuned to the pattern of peacetime living, we find that there is little opportunity to settle back and take it easy.

In transforming our swords into plowshares we find that we face problems almost as great as those with which we had to cope during the war.

Indeed, in a certain sense, the tasks of reconversion are more difficult than those of the war.

During the war the urgency of the situation gave us the determination and the drive to forge ahead and get the job done. Today we do not have the same compelling motive. Nor did we have the unity of purpose and effort that enabled us to win such a glorious and decisive victory over our enemies.

Once more there is a sharp and growing split between the forces of progress and reaction.

On the one hand are those who believe that a much brighter future is in store for America if our people and our Government have the foresight and the will to achieve it.

On the other, are those who are so enamored with the past that they oppose all change and insist that we go back to what they call the tried-and-true policies of the 1920's.

The credo of the progressives has never been better expressed than in the words of the great Democrat, Thomas Jefferson, who wrote:

Laws and institutions must go hand in hand with the progress of the human mind. As that becomes more developed, more enlightened, as new discoveries are made, new truths disclosed, and manners and opinions change with the change of circumstances, institutions must advance also and keep pace with the time.

This dynamic conception has been the guiding principle behind the elaboration of Democratic Party policy.

It was the basis on which President Franklin D. Roosevelt waged the battle against want and privation during the great depression. It was the basis on which he led the country to victory in the war. And it is the basis on which President Truman has outlined his program for the reconversion period.

If there was ever a time when Thomas Jefferson's observation on the necessity of change was particularly applicable, it is today.

Never before in human history have so many events of sweeping significance taken place in so short a time. Never before have science and invention developed at so breath-taking a pace.

We are entering an era of almost incredible speed. Ordinary commercial airplanes are now spanning the continent in less than 7½ hours. A new jet-propelled plane has cut the time down to a little more than 5 hours—almost the speed of sound.

During the war the Government spent millions of dollars for scientific research. By mobilizing science and streamlining its processes we were able to win the race against the enemy scientists who were also frantically striving to develop new weapons.

Because we did not allow ourselves to be shackled by adherence to old concepts and traditional methods we got there first with such developments as the atom bomb, radar, and the time-proximity-fuze shell—all of which hastened the end of the war and saved hundreds of thousands of American lives.

As President Truman has pointed out, these and other wartime developments now present us with magnificent peacetime opportunities. Adapted to the needs of peace, they can mean the creation of new industries, new and improved products, wider markets, and higher standards of living for all Americans.

Not long ago a Senate committee reported that there were no less than 1,400 of these wartime technological advances which are immediately applicable to civilian production and use. Many others need further development, but give promise of production for use within the next 10 years.

Here are some of the things which the Senate committee tells us we can have—if we have the gumption to think and act in terms of 1946 instead of 1926:

Prefabricated houses, with packaged kitchens, bathrooms, and heating units, delivered complete, and durable plastic or plywood walls ready to be welded on the site by techniques now used in building aircraft and ships.

Static-free radios with a tone range much wider than that of present models, and inexpensive television sets bringing up-to-the-second news and visual entertainment into the home.

New lightweight plastic or plywood automobiles with motors of light metal alloys, easy to drive and cheap to operate because they burn so little fuel.

Small passenger planes convertible into automobiles for driving from home to the nearest airstrip.

In November of this year, and in the primaries prior to November, the people of America will go to the polls to elect a new Congress. The outcome of that election will—I firmly believe—determine the kind of a country we shall have to live in during the crucial years that lie ahead. It will determine whether we shall continue to adapt our laws and institutions to the needs of the times, or go back to the static, do-nothing policies that kept the Nation paralyzed during the catastrophe of the early 1930's, or turn to the extremists who seek to revolutionize the Nation's policies and its customs.

We emerge from the catastrophe of the early thirties only because the Democratic Party, following the people's mandate, adopted a program of dynamic and courageous action. In the main, that program was strenuously opposed by the Republicans. It is significant that much of it has now been adopted by them.

Today a sound Democratic President—Harry Truman—has presented a realistic plan for national achievement and progress. Again the Democrats are in the

forefront of the fight for the protection of the rights and interests of the great majority of the people.

We want not only to preserve the gains that have been made during that last 13 years in the interest of the workingman, the farmer, and the small businessman, but we want to provide even greater opportunities for these groups through a continued high level of employment, full production, and high wages. We know that unless we can achieve these things the future of this country will be both dark and stormy.

Thanks to the administration's farsighted policy, and to its firmness in withstanding tremendous pressure, we have come through the war with the value of the American dollar still relatively high. After every war there has been inflation, but this time it has, thus far, been held in check.

After the Revolutionary War the value of the dollar fell to 33 cents.

After the Civil War to 44 cents.

After World War I to 40 cents.

But after World War II—the greatest war in all history—the dollar is still worth about 76 cents in terms of its pre-war buying power.

Inflationary pressures are substantially greater today than they were immediately after World War I. After 1918, controls were quickly abolished and prices soared. By June 1920 living costs rose to 108 percent more than the 1914 level. Clothing went up 200 percent. Rents went up 54 percent. Housefurnishings 179 percent. Sugar 300 percent. There was a brief period of high prices and high profits. For this we sacrificed economic and business stability. Then—as now—an inability and unwillingness to look ahead meant disaster.

By 1921 the country was reaping the dire results, after a brief spree came the hang-over. Prices fell to disastrous levels. The results were devastating to every segment of life in the country—business, agriculture, labor, and consumers.

Net farm income dropped from \$8,800,000,000 in 1919 to less than \$3,000,000,000 in 1921.

Average farm income fell from \$1,360 to \$460.

Nearly one-half million farmers lost their farms through mortgage foreclosures between 1922 and 1926.

In the year 1922, approximately 20,000 businesses went bankrupt.

The bottom fell out of corporation profits. In 1919, after taxes, they had been about \$6,500,000,000. On 1921 there was a total net loss of \$55,000,000.

Factory pay rolls decreased by almost 50 percent, and about 6,000,000 workers lost their jobs.

This catastrophe was followed by the boom and bust cycle that culminated in the great crash of 1929.

The Truman administration is determined that there shall not be a repetition of these tragic events. The recent assignment of Chester Bowles as Director of Economic Stabilization and of Paul Porter as OPA Administrator is an unmistakable indication of this determination to hold the line.

On the other hand, the new and modified stabilization policy provides that no

group is to be dealt with unfairly. Where a real need for price adjustment can be demonstrated it will be granted.

In the field of foreign relations, as on the domestic front, the administration has a concrete, realistic, and forward-looking program.

Under President Roosevelt a firm foundation was laid for lasting world peace through continued cooperation of the great powers. Under President Truman this policy is going forward to fruition, with full participation of the United States in the United Nations Organization.

The public pressure for world cooperation to insure peace is so great that few have dared to oppose the administration's policy with a frontal attack. Behind the scenes, there are some who are busy trying to becloud the issue and raise impediments to forthright and genuine international cooperation.

In 1918, just after World War I had ended, the people elected a Republican Congress. The first thing they did was to scuttle the League of Nations—the instrument which then gave some promise of future peace. They scuttled it not by frontal attack, but by loading it down with reservations which made cooperation between the United States and other nations impossible.

Similar tactics today from any quarter can bring trouble and discord in the international arena, with the awful shadow of another war darkening the horizon and coming ever closer.

Thus, in every one of the major issues facing the country today, the choice is between bold, constructive action on the one hand and a do-nothing or obstructionist policy on the other.

President Harry S. Truman, in his Vice Presidential acceptance speech in 1944, said:

If we devote the same ingenuity to production for peace in America as we have to the making of engines of war, our future will be secure. But to do this will require energy and courage. The forces of reaction, and the selfishness of those who always fear any kind of change, will have to be overcome. We cannot go back, as we tried to do in 1920. We cannot stand still. We must go forward.

I am convinced that the American people feel the same way as the President, and that they will back him to the limit in achieving for this country the tremendous advances of which it is capable.

INVESTIGATION OF GOVERNMENT DEPARTMENTS

The SPEAKER. Under previous order of the House, the gentleman from Kansas [Mr. REES] is recognized for 5 minutes.

Mr. REES of Kansas. Mr. Speaker, during the past several months there has been a considerable amount of discussion and criticism through the press and on the floor of Congress, alleging we have numerous employees on the Federal pay roll, some of whom have key positions, who are not in sympathy with, and do not believe in the American form of government as we know it. Charges have been made many times by responsible citizens, that people of communistic views and beliefs not in accord with representative government, have infiltrated in our Government agencies. My

CONSIDERATION OF H. R. 5716

MARCH 12, 1946.—Referred to the House Calendar and ordered to be printed

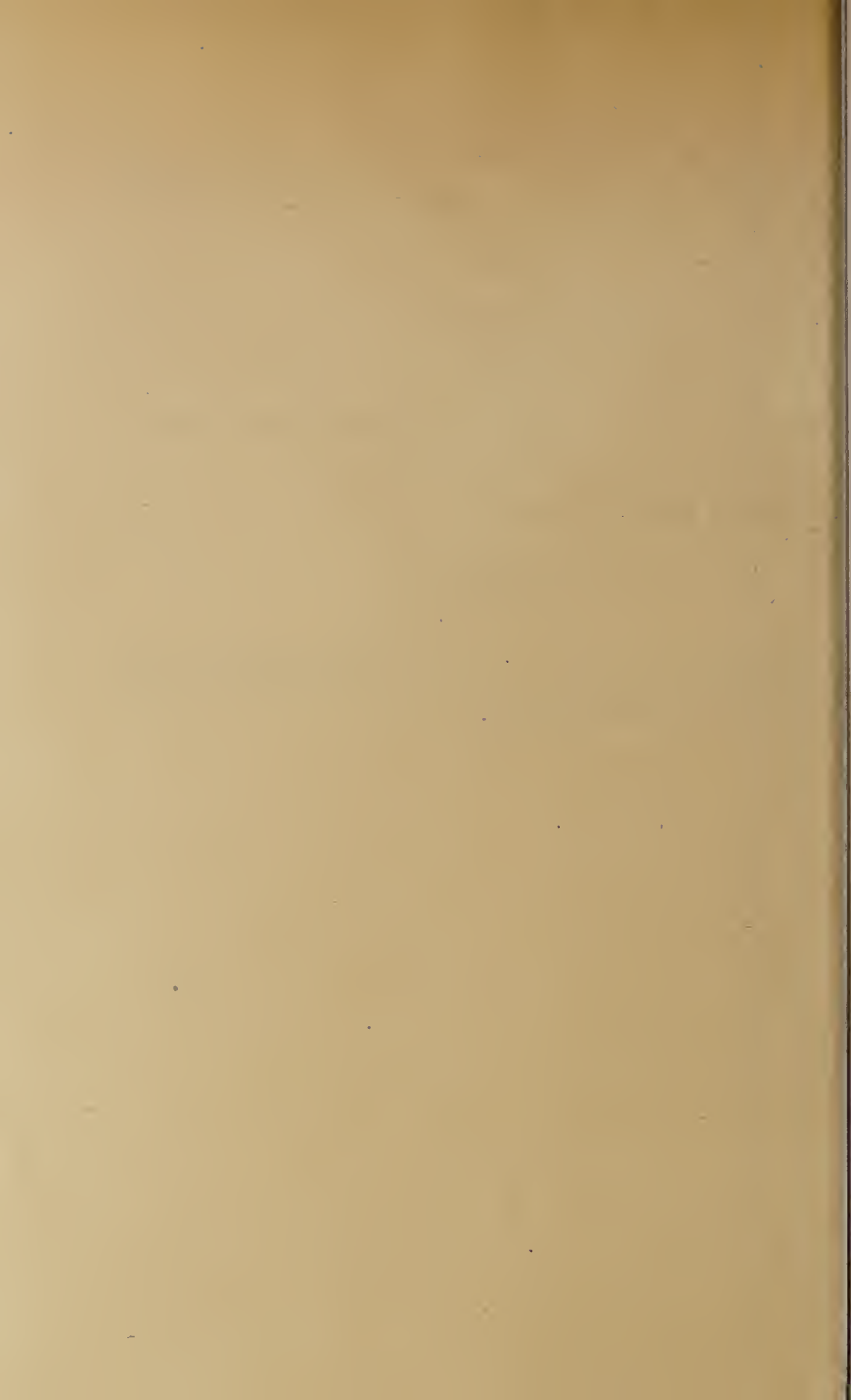
Mr. SABATH, from the Committee on Rules, submitted the following

REPORT

[To accompany H. Res. 558]

The Committee on Rules, having had under consideration House Resolution 558, report the same to the House with the recommendation that the Resolution do pass.





House Calendar No. 326

79TH CONGRESS
2D SESSION

H. RES. 558

[Report No. 1703]

IN THE HOUSE OF REPRESENTATIVES

MARCH 12, 1946

Mr. SABATH, from the Committee on Rules, reported the following resolution;
which was referred to the House Calendar and ordered to be printed

RESOLUTION

1 *Resolved*, That immediately upon the adoption of this
2 resolution it shall be in order to move that the House resolve
3 itself into the Committee of the Whole House on the State
4 of the Union for the consideration of the bill (H. R. 5716)
5 to amend the Second War Powers Act, 1942, as amended.
6 That after general debate, which shall be confined to the
7 bill and shall continue not to exceed one hour to be equally
8 divided and controlled by the chairman of the Committee on
9 the Judiciary, the bill shall be read for amendment under the
10 five-minute rules. At the conclusion of the reading of the
11 bill for amendment, the Committee shall rise and report the
12 same back to the House with such amendments as shall have
13 been adopted and the previous question shall be considered as
14 ordered on the bill and amendments thereto to final passage
15 without intervening motion except one motion to recommit.

79TH CONGRESS
2^D SESSION

H. RES. 558

[Report No. 1703]

RESOLUTION

Providing for the consideration of H. R. 5716,
a bill to amend the Second War Powers
Act, 1942, as amended.

By Mr. SABATH

MARCH 12, 1946

Referred to the House Calendar and ordered to be
printed

DIGEST OF PROCEEDINGS OF CONGRESS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE
(Issued March 15, 1946; for action of Thursday, March 14, 1946)

(For staff of the Department only)

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HIGHLIGHTS: Sen. Thomas, Okla., introduced bill to provide for two additional Assistant Secretaries of Agriculture. Senate received proposed legislation to extend Soil Conservation and Domestic Allotment Act. Senate began debate on minimum wage bill. Sen. Tunnell quoted Secretary's testimony on relation of wages to demand for farm products. Rep. Jenkins introduced bill to establish War Food Administration in Department of Agriculture.

SENATE

1. MINIMUM WAGE. Began debate on S. 1349, to amend the Fair Labor Standards Act of 1938, by establishing new minimum wage levels, etc. (pp. 2280-92, 2294-99). The Education and Labor Committee submitted a supplemental report on this bill (S. Rept. 1012, Pt. 2) (p. 2272).
During the discussion Sen. Tunnell, Del., quoted the Secretary's testimony before the S. Education and Labor Committee on the relation of wages to the demand for farm products (p. 2286). Sen. Stewart, Tenn., pointed out that the recent report of the S. Agriculture and Forestry Committee criticizing certain practices of CCC was not a personal criticism of any individual connected with CCC (p. 2299). Sens. Tunnell, Del., and George, Ga., discussed the minimum wage in the lumber industry (p. 2289).
2. SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT. Received from this Department proposed legislation to extend the period within which the Secretary may carry out the purposes of this Act. To Agriculture and Forestry Committee. (p. 2270).
3. EDUCATION; SURPLUS PROPERTY. Received a Mich. Legislature resolution urging an equitable distribution of educational surplus property (p. 2270).
4. PRICE CONTROL. Sen. Capper, Kans., inserted a Seward County (Kans.) Agricultural Conservation Assn. letter urging the continuance of price control (p. 2271).
Sen. Lucas, Ill., inserted Paul Porter's letter explaining enforcement policies of the OPA (pp. 2279-80).

5. SUBSIDIES; LABOR. Sen. Wherry, Nebr., inserted an American Farmers Vigilante Committee resolution protesting against strikes in industry, requesting price increases on farm products in proportion to wage increases, and opposing the principle of subsidies (p. 2272).
6. SMALL BUSINESS. The Small Business Problems Committee submitted a report recommending reorganization of CPA and OPA, and a general revision of price control policy (Pt. 4, Rept. 47) (p. 2273).

HOUSE

7. HOUSING. Passed with amendment S. 1821, and substituted for it the language of H.R. 5455 (previously passed, 347-1), to amend the National Defense Housing Act, 1940, by authorizing \$410,000,000 for temporary housing (pp. 2304-19). During the discussion Rep. Rogers, Mass., discussed her bill H.R. 5702, to raise veterans' preference in obtaining surplus property for housing (pp. 2313-6).
8. INFORMATION. Rep. Vorys, Ohio, suggested that H.R. 4982, to enable the State Department to disseminate information abroad and promote the interchange of persons, knowledge, and skills between U. S. and foreign countries, should be recommitted to the Foreign Affairs Committee (p. 2303).
9. WAR POWERS. The Judiciary Committee reported without amendment H.R. 5716, to extend the Second War Powers Act (See Digest 43 for provisions) (H.Rept. 1714) (p. 2338). Majority Leader McCormack announced that this bill would be taken up today, March 15 (pp. 2305-6).
10. TRANSPORTATION. Merchant Marine and Fisheries Committee reported without amendment H. R. 5316, to repeal the law permitting vessels of Canadian register to transport iron ore between U. S. ports on the Great Lakes (H.Rept. 1713) (p. 2338).

BILLS INTRODUCED

11. ASSISTANT SECRETARIES. S. 1923, by Sen. Thomas, Okla., to establish two additional offices of Assistant Secretaries of Agriculture. To Agriculture and Forestry Committee. (p. 2276.)
12. SURPLUS PROPERTY. S. 1924, by Sen. Wherry, Nebr., to authorize the sale of surplus property for educational uses at a price sufficient to cover the cost of the sale. To Military Affairs Committee. (p. 2276.)
13. RECLAMATION. S. 1925, by Sen. Chavez, N.Mex., to authorize the protection of life and property, water conservation, and the comprehensive reclamation of land in the Rio Grande Valley in New Mexico, by flood control, irrigation, sediment detention, drainage, and other activities; to provide for the financial rehabilitation of the Middle Rio Grande Conservancy District; to provide for the disposition of surplus electrical energy. To Irrigation and Reclamation Committee. (p. 2276.)
S. 1941, by Sen. O'Mahoney, Wyo., to extend the benefits of the homestead reclamation, and other-land-entry laws to veterans under 21 years of age. To Public Lands and Surveys Committee. (p. 2276.)
14. CIVIL SERVICE. S. 1926, by Sen. Downey, Calif., to grant certain additional basic authority to the Civil Service Commission. To Civil Service Committee. (p. 2276.)

Rules Committee. Consequently, I hope the gentleman from Ohio will not feel offended nor that he was deliberately denied an opportunity to be present at the executive session of the Rules Committee.

I hope I have answered the gentleman and made the position of the Rules Committee clear. Feeling that there should be no opposition to the rule, and knowing that the bill that the rule makes in order will be intelligently, clearly, and ably explained by the gentleman from Texas [Mr. LANHAM], chairman of the committee. I will conclude and reserve the balance of my time.

I now yield 30 minutes to the gentleman from Indiana [Mr. HALLECK].

(Mr. SABATH asked and was given permission to revise and extend his remarks.)

Mr. HALLECK. Mr. Speaker, I yield to the gentleman from Illinois [Mr. CHURCH] for a unanimous-consent request.

Mr. CHURCH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include an editorial from the Chicago Daily News of Tuesday, March 12, entitled "Table Talk Preferred."

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. HALLECK. Mr. Speaker, I yield myself 2 minutes.

Mr. Speaker, as the chairman of the Rules Committee has pointed out, and as I understand it, this bill comes to us with the unanimous report of the legislative committee handling it. As far as I know, there is no opposition to the adoption of the rule. I feel sure it will be adopted.

I yield 5 minutes to the gentleman from California [Mr. ANDERSON].

Mr. ANDERSON of California. Mr. Speaker, I ask unanimous consent to speak out of order.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. ANDERSON of California. Mr. Speaker, the salvation of California agriculture during the war years has been the importation of large numbers of Mexican nationals to assist in harvesting our highly perishable fruit and vegetable crops. This fact is emphasized by the following letter from the California Farm Bureau Federation, from which I quote:

The Agricultural Extension Service estimates that we need a minimum of 45,000 Mexicans in 1946. There are about 10,000 of them in the State at the present time. This is equal to about one-half of the number we had at the high point in 1945. Every effort should be made to have the contracts for employment of these workers extended.

I took this matter up with the Secretary of Agriculture recently and on March 7 received the following reply from the Under Secretary, which I ask to include herewith:

Hon. JACK Z. ANDERSON,
House of Representatives.

DEAR MR. ANDERSON: We are in receipt of your recent letter and the attached copy of a letter from Mr. R. B. Wiser, president, California Farm Bureau Federation, Berkeley, Calif., with reference to the 1946 farm labor situation.

The Department is cognizant of the need for farm labor to successfully maintain record level production in 1946. We are making every effort to assist the farmer in securing adequate labor to do this job and at the present time have representatives in Mexico City negotiating terms of agreement for the importation of Mexican nationals into the States for the 1946 crop season.

Reports from our representatives indicate some changes in the agreements as regards wages and working conditions; however, we are in no position to discuss these at the present time. We feel reasonably sure that the best agreement will be reached and that the American farmer will have the use of Mexican nationals for agricultural work during the crop season.

Sincerely,

J. B. HUTSON, Under Secretary.

Mr. Hutson indicates that the Department of Agriculture is well aware of the need for continuing the importation of Mexican national farm workers to maintain a high level of production in 1946.

But, Mr. Speaker, there is an Ethiopian in the woodpile—the California CIO council. Just the other day I received a letter from this organization signed by Mervyn Rathborne, secretary-treasurer. I am informed that every other member of the California congressional delegation received a similar communication.

Mr. Rathborne says, and I quote:

DEAR CONGRESSMAN: We are informed that the Governments of the United States and Mexico are now negotiating a treaty for the importation of 65,000 Mexican nationals into the United States during 1946 for agricultural work. We are further advised that it is planned to use between 25,000 and 30,000 of these Mexican workers in California.

The California CIO is opposed to the importation of Mexican labor into this country.

The author of the letter goes on to say that the California CIO council is opposed to bringing in Mexican national farm workers this year because there are between 200,000 and 250,000 persons unemployed in California, that the provisions of the treaty permitting the importation of nationals had been violated and that "very few small farmers are able to employ them." He tries to imply that only the large corporate farmers really benefit from the importation of Mexican farm workers.

What absolute nonsense. Thank heaven Mr. Rathborne has little to say about farm production and harvesting in our State. I happen to live in a small county, where there are few if any corporate farms, but where Mexican nationals have been used to the utmost advantage by the average farmer for the past 3 or 4 years. Why my brother and I have used them on our own farm, and we are not corporation farmers. Our neighbors have used them—and we need them again.

Next, Mr. Rathborne says, and again I quote from his letter:

Further, it is our opinion that if decent wages were paid for the work which is nor-

mally performed by the Mexican nationals, plenty of residents of the United States could be secured to do this work.

Now, Mr. Speaker, if anything more were needed to show just how little Mr. Rathborne and the California CIO council knows about California farmers and California farm wages, that paragraph does it. For years we have paid the highest average agricultural wages in the United States. These wages are still high. Let me quote here from the same letter I referred to previously, from Ray Wiser, president of the California Farm Bureau Federation. Mr. Wiser says:

It was our sincere hope that the program would be continued on the same basis as the last 2 years, which, I am sure, was not only satisfactory to producers, but was highly remunerative to the nationals and gave them advantages that were superior to those of domestic workers, even to the degree that some of the labor unions were using the advantages to Mexican labor in an effort to negotiate higher wages and improved working conditions for domestic labor.

In other words, Mr. Speaker, the very organization that is now seeking to prevent the importation of essential farm workers from Mexico has been exploiting them to their own advantage. What sheer hypocrisy. What pure, unadulterated bunk.

This is not the first time that the CIO has attempted to pull the wool over the eyes of the farmers in my State and you can bet your last thin dime that it will not be the last. However, having worked with these same farmers for many years before coming to Congress I know that they are not stupid, I know that they see through the present double talk of Mr. Rathborne and others of his stripe, and I predict that when they find out just what the California CIO council is trying to do to this year's farm operations in our State you will hear more from them.

Mr. Speaker, I yield back the balance of my time.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 1 minute to the gentleman from Massachusetts [Mr. MARTIN].

PROGRAM FOR TOMORROW

Mr. MARTIN of Massachusetts. I wish to ask the majority leader if he has finally determined what bill will be called up tomorrow.

Mr. MCCORMACK. Tomorrow it is intended to take up the extension of the Second War Powers Act. The bill will be ready, and that program is definite.

Mr. MARTIN of Massachusetts. As I understand it, the committee has reported the bill unanimously.

Mr. MCCORMACK. That is my understanding. I see the distinguished gentleman from Pennsylvania [Mr. GRAHAM] here, a member of the committee, and I know the House will welcome an expression from him on that.

Mr. GRAHAM. My understanding is that the committee unanimously this morning reported out a committee amendment. We are all in accord on it.

Mr. KUNKEL. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield.

assure that George D. Hardman and J. C. Turner are not deprived of these guarantees. The courts of Alexandria have recently found these men guilty of disorderly conduct and assault; the sentences imposed were of unusual severity. On the basis of the facts it is our belief that these men are innocent of the charges and that there has been a gross miscarriage of justice. We believe that every American's rights are endangered when any single American's rights are denied and that infringement of individual rights by the courts is no less than tyranny.

I should like to summarize briefly the facts in the case, as reported by eyewitnesses, which made necessary the establishment of a citizens' committee to insure that justice is done. George Hardman, president of the Alexandria Central Labor Union of the AFL since January 1945, has been a tireless opponent of the Virginia political machine. His predecessor in that office, J. Fred Kirchner, State labor inspector for northern Virginia, has been a strong supporter of that machine. On January 7, 1946, at a meeting of the CLU at which Kirchner was present as a visitor, J. C. Turner served as secretary in the absence of the elected secretary. On a point of disagreement with Hardman's instructions to the acting secretary, Kirchner and several of his cohorts rushed forward and struck Turner who defended himself. Hardman took no part in the fight. Immediately afterwards Kirchner and his associates left the meeting and swore out warrants against Hardman and Turner who were subsequently arrested. Hardman, Turner, and their attorney were denied even the privilege of a hearing in their efforts to secure a warrant against Kirchner and others. After being found guilty of assault and disorderly conduct, Hardman and Turner had "the book thrown at them" in the form of 90-day jail sentences and \$550 fines. On the same day that they were sentenced, two other men, found guilty of assault with an ax and beer bottle, were sentenced in the same court to fines of \$50 and suspended 30-day sentences. The case is now on appeal.

When it becomes necessary for citizens to band together to obtain the elementary justice which the courts are supposed to insure, it is time that the political control which makes this necessary be ended. The fight being made by this group of citizens goes far beyond the Hardman-Turner case. It is one more battle in the Nation-wide struggle against the poll tax machines of the South, in the struggle for the extension of democracy. The Hardman-Turner Defense Committee has my support and deserves the full support of every freedom loving American.

EXTENSION OF REMARKS

Mr. MURDOCK asked and was given permission to extend his remarks in the RECORD.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. BATES of Kentucky, for 1 day, on account of important business.

To Mr. HARE, for Friday, March 15, and Monday, March 18, on account of official business.

To Mr. HESS (at the request of Mr. MCGREGOR), for Thursday and Friday, on account of official business.

ENROLLED BILLS SIGNED

Mr. ROGERS of New York, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 5239. An act to amend Public Law 277, Seventy-ninth Congress, so as to provide the Coast Guard, at such time as it is transferred back to the Treasury Department, with a system of laws for the settlement of claims, and for other purposes; and

H. R. 5529. An act to authorize the President to appoint Lt. Gen. Walter B. Smith as Ambassador to the Union of Soviet Socialist Republics, without affecting his military status and perquisites.

BILL PRESENTED TO THE PRESIDENT

Mr. ROGERS of New York, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H. R. 5239. An act to amend Public Law 277, Seventy-ninth Congress, so as to provide the Coast Guard, at such time as it is transferred back to the Treasury Department, with a system of laws for the settlement of claims, and for other purposes.

ADJOURNMENT

Mr. CARNAHAN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 36 minutes p. m.) the House adjourned until tomorrow, Friday, March 15, 1946, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON IMMIGRATION AND NATURALIZATION

(Tuesday, March 19, 1946) (Wednesday, March 20, 1946).

On Tuesday, March 19, 1946, the Committee on Immigration and Naturalization will consider private bills H. R. 4725, H. R. 5634, H. R. 5598, H. R. 5200, H. R. 4958, H. R. 4254, H. R. 5278, and H. R. 4672.

On Wednesday, March 20, 1946, the committee will proceed with hearings on H. R. 3663.

The hearings will begin at 10:30 a. m. in room 445, Old House Office Building.

COMMITTEE ON THE JUDICIARY

(Monday, March 18, 1946)

On Monday, March 18, 1946, Subcommittee No. 3 of the Committee on the Judiciary has scheduled a hearing on the bill (H. R. 5234) to authorize the Federal Security Administrator to assist the States in matters relating to social protection, and for other purposes.

The hearing will begin at 10 a. m. and will be held in room 346, House Office Building.

COMMITTEE ON FLOOD CONTROL

(Monday, April 8, 1946)

The Committee on Flood Control will begin hearings on an omnibus flood control authorization bill on Monday, April 8, 1946, at 10 a. m. The hearings will continue daily except Saturday up to and including Friday, April 19.

COMMITTEE ON RIVERS AND HARBORS

(Tuesday, April 9, 1946)

The Committee on Rivers and Harbors will meet Tuesday, April 9, 1946, at 10:30 a. m., to begin hearings on projects to be reported out in an omnibus river and harbor authorization bill.

EXECUTIVE COMMUNICATIONS, ETC.

1134. Under clause 2 of rule XXIV, a letter from the Secretary of Agriculture, transmitting a draft of a proposed bill to extend the period within which the Secretary of Agriculture may carry out the purposes of the Soil Conservation and Domestic Allotment Act by making payments to agricultural producers, was taken from the Speaker's table, referred to the Committee on Agriculture, and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. WEAVER: Committee on the Judiciary. House Joint Resolution 273. Joint resolution authorizing and requesting the President to issue annually a proclamation designating December 15 as Bill of Rights Day; with amendment (Rept. No. 1712). Referred to the House Calendar.

Mr. BLAND: Committee on the Merchant Marine and Fisheries. H. R. 5316. A bill to repeal the law permitting vessels of Canadian registry to transport iron ore between United States ports on the Great Lakes; without amendment (Rept. No. 1713). Referred to the Committee of the Whole House on the State of the Union.

Mr. HOBBS: Committee on the Judiciary. H. R. 5716. A bill to amend the Second War Powers Act, 1942, as amended; without amendment (Rept. No. 1714). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred, as follows:

By Mr. ELLSWORTH:

H. R. 5771. A bill authorizing the construction of flood-control works on the Amazon Creek in Oregon; to the Committee on Flood Control.

By Mr. RANKIN:

H. R. 5772. A bill to amend certain provisions of the National Service Life Insurance Act of 1940, as amended; to the Committee on World War Veterans' Legislation.

H. R. 5773. A bill to amend certain provisions of the National Service Life Insurance Act of 1940, as amended; to the Committee on World War Veterans' Legislation.

By Mr. BARTLETT:

H. R. 5774. A bill to authorize the Legislature of Alaska to enact divorce laws; to the Committee on the Territories.

By Mr. JENKINS:

H. R. 5775. A bill to provide for central responsibility for the production and distribution of the Nation's food by establishing a War Food Administration in the Department of Agriculture, and for other purposes; to the Committee on Agriculture.

By Mr. COFFEE:

H. R. 5776. A bill to provide discharge papers for men who were called for induction into the Army during World War I, but who were not sworn in due to the end of the war; to the Committee on Military Affairs.

AMENDING THE SECOND WAR POWERS ACT, 1942, AS AMENDED

MARCH 14, 1946.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. HOBBS, from the Committee on the Judiciary, submitted the following

REPORT

[To accompany H. R. 5716]

The Committee on the Judiciary, to whom was referred the bill (H. R. 5716) to amend the Second War Powers Act, 1942, as amended, having considered the same, report the bill favorably to the House with the recommendation that it do pass.

This bill would amend the Second War Powers Act, as amended, in three respects:

1. It extends for a period of 9 months titles I, II, IV, V, VII, and XIV.
2. It extends title III for 1 year.
3. It repeals title XI as of June 30, 1946.

RECURRENT NECESSITY FOR EXTENSION

On November 26, 1945, your committee filed Report No. 1282 to accompany H. R. 4780. For the convenience of the House, we respectfully call attention to this report which sets forth at some length the reasons for the extension of the Second War Powers Act, which was wrought by the passage and approval of H. R. 4780. Also, there was a survey showing the reduction by the five chief agencies exercising controls under title III, of the then outstanding controls and administrative personnel. Also, there was shown, title by title, what each title contained. The same impelling reasons, the same history of reductions, the same synopsis of the contents of the respective titles will serve the same purposes as were then apparent, with three exceptions: (1) The world food shortage, and (2) our national housing and buildings shortage have each become more apparent, and (3) the need for title XI has been completely eliminated. These three points are borne out by the testimony given at the hearings.

In addition to report No. 1282, all that need be said at this time is that with the elimination of title XI as of June 30, 1946, each of the other needs for the extensions provided by the pending bill is just as acute as it was then except that starvation of millions of human beings while then forecast as a possibility has now become a certainty, and the construction program that will provide houses and necessary business buildings has become more acute.

CHANGES IN EXISTING LAW

In compliance with clause 2a of rule XIII of the House of Representatives there is printed below in roman existing law in which no change is proposed, with new matter shown in *italic*, and with matter proposed to be omitted enclosed in black brackets:

TITLE I—EMERGENCY POWERS OF THE INTERSTATE COMMERCE COMMISSION OVER MOTOR AND WATER CARRIERS

SEC. 101. Section 204 of the Interstate Commerce Act, as amended (U. S. C., 1940 ed., title 49, sec. 304), is hereby amended by adding after subsection (d) thereof the following:

"(e) The Commission shall have authority with respect to motor carriers, to be exercised under similar circumstances and procedure, equivalent to the authority it has with respect to other carriers under section 1 (15) of part I, and shall have authority, to the extent necessary to facilitate the prosecution of the war and not in contravention of State laws and regulations with respect to sizes and weights of motor vehicles, to make reasonable directions with respect to equipment, service, and facilities of motor carriers, and to require the joint use of equipment, terminals, warehouses, garages, and other facilities; and motor carriers shall be subject to the same penalties for failure to comply with action taken by the Commission under this paragraph as other carriers for failure to comply with action taken by the Commission under section 1 (15) of part I.

"(f) Notwithstanding any other applicable provision of this Act, to the extent that it may be in the public interest, the Commission may modify, change, suspend, or waive any order, certificate, permit, license, rule, or regulation issued under this part."

SEC. 102. Subsection (a) of section 210a of said Act, as amended (U. S. C., 1940 ed., title 49, sec. 310a (a)), is hereby amended by striking out the words "but for not more than an aggregate of one hundred and eighty days".

SEC. 103. Subsection (a) of section 311 of said Act, as amended (U. S. C., 1940 ed., title 49, sec. 911 (a)), is hereby amended by striking out the words "but not for more than an aggregate of one hundred and eighty days".

TITLE II—ACQUISITION AND DISPOSITION OF PROPERTY

SEC. 201. The Act of July 2, 1917 (40 Stat. 241), entitled "An Act to authorize condemnation proceedings of lands for military purposes," as amended, is hereby amended by adding at the end thereof the following section:

"SEC. 2. The Secretary of War, the Secretary of the Navy, or any other officer, board, commission, or governmental corporation authorized by the President, may acquire by purchase, donation, or other means of transfer, or may cause proceedings to be instituted in any court having jurisdiction of such proceedings, to acquire by condemnation, any real property, temporary use thereof, or other interest therein, together with any personal property located thereon or used therewith, that shall be deemed necessary, for military, naval, or other war purposes, such proceedings to be in accordance with the Act of August 1, 1888 (25 Stat. 357), or any other applicable Federal statute, and may dispose of such property or interest therein by sale, lease, or otherwise, in accordance with section 1 (b) of the Act of July 2, 1940 (54 Stat. 712). Upon or after the filing of the condemnation petition, immediate possession may be taken and the property may be occupied, used, and improved for the purposes of this Act, notwithstanding any other law. Property acquired by purchase, donation, or other means of transfer may be occupied, used, and improved, for the purposes of this section

prior to the approval of title by the Attorney General as required by section 355 of the Revised Statutes, as amended."

SEC. 202. The authority to acquire property, or any use thereof or interest therein, granted by section 2 of such Act of July 2, 1917, shall not be exercised after the date upon which this section becomes effective.

TITLE III—PRIORITIES POWERS

SEC. 301. Subsection (a) of section 2 of the Act of June 28, 1940 (54 Stat. 676), entitled "An Act to expedite national defense, and for other purposes", as amended by the Act of May 31, 1941 (Public Law Numbered 89, Seventy-seventh Congress), is hereby amended to read as follows:

"SEC. 2. (a) (1) That whenever deemed by the President of the United States to be in the best interests of the national defense during the national emergency declared by the President on September 8, 1939, to exist, the Secretary of the Navy is hereby authorized to negotiate contracts for the acquisition, construction, repair, or alteration of complete naval vessels or aircraft, or any portion thereof, including plans, spare parts, and equipment therefor, that have been or may be authorized, and also for machine tools and other similar equipment, with or without advertising or competitive bidding upon determination that the price is fair and reasonable. Deliveries of material under all orders placed pursuant to the authority of this paragraph and all other naval contracts or orders and deliveries of material under all Army contracts or orders shall, in the discretion of the President, take priority over all deliveries for private account or for export: *Provided*, That the Secretary of the Navy shall report every three months to the Congress the contracts entered into under the authority of this paragraph: *Provided further*, That contracts negotiated pursuant to the provisions of this paragraph shall not be deemed to be contracts for the purchase of such materials, supplies, articles, or equipment as may usually be bought in the open market within the meaning of section 9 of the Act entitled 'An Act to provide conditions for the purchase of supplies and the making of contracts by the United States, and for other purposes', approved June 30, 1936 (49 Stat. 2036; U. S. C., Supp. V, title 41, secs. 35-45): *Provided further*, That nothing herein contained shall relieve a bidder or contractor of the obligation to furnish the bonds under the requirements of the Act of August 24, 1935 (49 Stat. 793; 40 U. S. C. 270 (a) to (d)): *Provided further*, That the cost-plus-a-percentage-of-cost system of contracting shall not be used under the authority granted by this paragraph to negotiate contracts; but this proviso shall not be construed to prohibit the use of the cost-plus-a-fixed-fee form of contract when such use is deemed necessary by the Secretary of the Navy: *And provided further*, That the fixed fee to be paid the contractor as a result of any contract entered into under the authority of this paragraph, or any War Department contract entered into in the form of cost-plus-a-fixed-fee, shall not exceed 7 per centum of the estimated cost of the contract (exclusive of the fee as determined by the Secretary of the Navy or the Secretary of War, as the case may be).

"(2) Deliveries of material to which priority may be assigned pursuant to paragraph (1) shall include, in addition to deliveries of material under contracts or orders of the Army or Navy, deliveries of material under—

"(A) Contracts or orders for the government of any country whose defense the President deems vital to the defense of the United States under the terms of the Act of March 11, 1941, entitled 'An Act to promote the defense of the United States';

"(B) Contracts or orders which the President shall deem necessary or appropriate to promote the defense of the United States;

"(C) Subcontracts or suborders which the President shall deem necessary or appropriate to the fulfillment of any contract or order as specified in this subsection (a).

Deliveries under any contract or order specified in this subsection (a) may be assigned priority over deliveries under any other contract or order; and the President may require acceptance of and performance under such contracts or orders in preference to other contracts or orders for the purpose of assuring such priority. Whenever the President is satisfied that the fulfillment of requirements for the defense of the United States will result in a shortage in the supply of any material or of any facilities for defense or for private account or for export, the President may allocate such material or facilities in such manner, upon such conditions and to such extent as he shall deem necessary or appropriate in the public interest and to promote the national defense.

"(3) The President shall be entitled to obtain such information from, require such reports and the keeping of such records by, make such inspection of the books, records, and other writings, premises or property of, any person (which for the purpose of this subsection (a), shall include any individual, partnership, association, business trust, corporation, or any organized group of persons, whether incorporated or not), and make such investigations, as may be necessary or appropriate, in his discretion, to the enforcement or administration of the provisions of this subsection (a).

"(4) For the purpose of obtaining any information, verifying any report required, or making any investigation pursuant to paragraph (3), the President may administer oaths and affirmations, and may require by subpoena or otherwise the attendance and testimony of witnesses and the production of any books or records or any other documentary or physical evidence which may be relevant to the inquiry. Such attendance and testimony of witnesses and the production of such books, records, or other documentary or physical evidence may be required at any designated place from any State, Territory, or other place subject to the jurisdiction of the United States: *Provided*, That the production of a person's books, records, or other documentary evidence shall not be required at any place other than the place where such person resides or transacts business, if, prior to the return date specified in the subpoena issued with respect thereto, such person furnishes the President with a true copy of such books, records, or other documentary evidence (certified by such person under oath to be a true and correct copy) or enters into a stipulation with the President as to the information contained in such books, records, or other documentary evidence. Witnesses shall be paid the same fees and mileage that are paid witnesses in the courts of the United States. No person shall be excused from attending and testifying or from producing any books, records, or other documentary evidence or certified copies thereof or physical evidence in obedience to any such subpoena, or in any action or proceeding which may be instituted under this subsection (a), on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to a penalty or forfeiture; but no individual shall be subject to prosecution and punishment or to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he is compelled to testify or produce evidence, documentary or otherwise, after having claimed his privilege against self-incrimination, except that any such individual so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying. The President shall not publish or disclose any information obtained under this paragraph which the President deems confidential or with reference to which a request for confidential treatment is made by the person furnishing such information, unless the President determines that the withholding thereof is contrary to the interest of the national defense and security; and anyone violating this provision shall be guilty of a felony and upon conviction thereof shall be fined not exceeding \$1,000, or be imprisoned not exceeding two years, or both.

"(5) Any person who willfully performs any act prohibited, or willfully fails to perform any act required by, any provision of this subsection (a) or any rule, regulations, or order thereunder, whether heretofore or hereafter issued, shall be guilty of a misdemeanor, and shall, upon conviction, be fined not more than \$10,000 or imprisoned for not more than one year, or both.

"(6) The district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States and the courts of the Philippine Islands shall have jurisdiction of violations of this subsection (a) or any rule, regulation, or order or subpoena thereunder, whether heretofore or hereafter issued, and of all civil actions under this subsection (a) to enforce any liability or duty created by, or to enjoin any violation of, this subsection (a) or any rule, regulation, order, or subpoena thereunder whether heretofore or hereafter issued. Any criminal proceeding on account of any such violation may be brought in any district in which any act, failure to act, or transaction constituting the violation occurred. Any such civil action may be brought in any such district or in the district in which the defendant resides or transacts business. Process in such cases, criminal or civil, may be served in any district wherein the defendant resides or transacts business or wherever the defendant may be found; and subpoena for witnesses who are required to attend a court in any district in any such case may run into any other district. No costs shall be assessed against the United States in any proceeding under this subsection (a).

"(7) No person shall be held liable for damages or penalties for any default under any contract or order which shall result directly or indirectly from compliance with this subsection (a) or any rule, regulation, or order issued thereunder, notwithstanding that any such rule, regulation, or order shall thereafter be declared by judicial or other competent authority to be invalid.

"(8) The President may exercise any power, authority, or discretion conferred on him by this subsection (a), through such department, agency, or officer of the Government as he may direct and in conformity with any rules or regulations which he may prescribe.

"(9) The district courts of the United States are hereby given exclusive jurisdiction to enjoin or set aside, in whole or in part, any order suspending any priority or allocation, or denying a stay of any such suspension, that may have been issued by any person, officer, or agency, acting or purporting to act hereunder or, under any other law or authority.

"Any action to enjoin or set aside any such order shall be brought within five days after the service thereof.

"No suspension order shall take effect within five days after it has been served, or, if an application for a stay is made to the issuing authority within such five-day period, until the expiration of five days after service of an order denying the stay.

"The venue of any such suit shall be in the district court of the United States for the district in which the petitioner has his principal place of business; and the respondent shall be subject to the jurisdiction of such court after ten days before the return day of the writ, either when (1) process shall have been served on any district manager or other agent of the respondent of similar or superior status; or (2) notice by registered mail shall have been given to respondent, or to the office of the Attorney General of the United States."

TITLE IV—PURCHASE BY FEDERAL RESERVE BANKS OF GOVERNMENT OBLIGATIONS

SEC. 401. Subsection (b) of section 14 of the Act of December 23, 1913 (38 Stat. 265), otherwise known as the Federal Reserve Act, as amended, is hereby amended by striking out the proviso therein and inserting in lieu thereof the following: "*Provided*, That any bonds, notes, or other obligations which are direct obligations of the United States or which are fully guaranteed by the United States as to principal and interest may be bought and sold without regard to maturities either in the open market or directly from or to the United States; but all such purchases and sales shall be made in accordance with the provisions of section 12A of this Act and the aggregate amount of such obligations acquired directly from the United States which is held at any one time by the twelve Federal Reserve banks shall not exceed \$5,000,000,000."

TITLE V—WAIVER OF NAVIGATION AND INSPECTION LAWS

SEC. 501. The head of each department or agency responsible for the administration of the navigation and vessel inspection laws is directed to waive compliance with such laws upon the request of the Secretary of the Navy or the Secretary of War to the extent deemed necessary in the conduct of the war by the officer making the request. The head of such department or agency is authorized to waive compliance with such laws to such extent and in such manner and upon such terms as he may prescribe either upon his own initiative or upon the written recommendation of the head of any other Government agency whenever he deems that such action is necessary in the conduct of the war.

TITLE VI—POWER TO REQUISITION

SEC. 601. The last paragraph of section 1 of the Act of October 16, 1941 (55 Stat. 742), entitled "An Act to authorize the President of the United States to requisition property required for the defense of the United States", is amended by deleting subdivision (3) thereof, so that the paragraph will read as follows:

"Nothing contained in this Act shall be construed—

"(1) to authorize the requisitioning or require the registration of any firearms possessed by an individual for his personal protection or sport (and the possession of which is not prohibited or the registration or which is not required by existing law),

"(2) to impair or infringe in any manner the right of any individual to keep and bear arms."

SEC. 602. The second sentence of the first paragraph of section 1 of the Act of October 16, 1941 (55 Stat. 742), entitled "An Act to authorize the President of the United States to requisition property required for the defense of the United States", is amended by striking out the words "on the basis of the fair market value of the property at" and inserting in lieu thereof the words "as of"; and at the end of such sentence, before the period, inserting the words ", in accordance with the provision for just compensation in the fifth amendment to the Constitution of the United States", so that such sentence will read as follows: "The President shall determine the amount of the fair and just compensation to be paid for any property requisitioned and taken over pursuant to this Act and the fair value of any property returned under section 2 of this Act, but each such determination shall be made as of the time it is requisitioned or returned, as the case may be, in accordance with the provision for just compensation in the fifth amendment to the Constitution of the United States."

TITLE VII—POLITICAL ACTIVITY

SEC. 701. Subsection (a) of section 9 of the Act of August 2, 1939 (53 Stat. 1148), entitled "An Act to prevent pernicious political activities", as amended, is hereby amended by adding in the second sentence after the word "thereof" the words "except a part-time officer or part-time employee without compensation or with nominal compensation serving in connection with the existing war effort, other than in any capacity relating to the procurement or manufacture of war material".

TITLE X—NATURALIZATION OF PERSONS SERVING IN THE ARMED FORCES OF THE UNITED STATES DURING THE PRESENT WAR

SEC. 1001. The Act of October 14, 1940 (54 Stat. 1137; U. S. C., 1940 edition, title 8, secs. 501-907), entitled "An Act to revise and codify the nationality laws of the United States into a comprehensive nationality code", is hereby amended by adding thereto a new title as follows:

"TITLE III

"SEC. 701. Notwithstanding the provisions of sections 303 and 326 of this Act, any person not a citizen, regardless of age, who has served or hereafter serves honorably in the military or naval forces of the United States during the present war and who, having been lawfully admitted to the United States, including its Territories and possessions, shall have been at the time of his enlistment or induction a resident thereof, may be naturalized upon compliance with all the requirements of the naturalization laws except that (1) no declaration of intention and no period of residence within the United States or any State shall be required; (2) the petition for naturalization may be filed in any court having naturalization jurisdiction regardless of the residence of the petitioner; (3) the petitioner shall not be required to speak the English language, sign his petition in his own handwriting, or meet any educational test; and (4) no fee shall be charged or collected for making, filing, or docketing the petition for naturalization, or for the final hearing thereon, or for the certification of naturalization, if issued: *Provided, however,* That (1) there shall be included in the petition the affidavits of at least two credible witnesses, citizens of the United States, stating that each such witness personally knows the petitioner to be a person of good moral character, attached to the principles of the Constitution of the United States, and well disposed to the good order and happiness of the United States, (2) the service of the petitioner in the military or naval forces of the United States shall be proved by affidavits, forming part of the petition, of at least two citizens of the United States, members or former members during the present war of the military or naval forces of the noncommissioned or warrant officer grade or higher (who may be the witnesses described in clause (1) of this proviso), or by a duly authenticated copy of the record of the executive department having custody of the record of petitioner's service, showing that the petitioner is or was during the present war a member serving honorably in such armed forces, and (3) the petition shall be filed not later than December 31, 1946. The petitioner may be naturalized immediately if prior to the filing of the petition the petitioner and the witnesses required by the foregoing proviso shall have appeared before and been examined by a representative of the Immigration and Naturalization Service.

"SEC. 702. During the present war, any person entitled to naturalization under section 701 of this Act, who while serving honorably in the military or naval forces of the United States is not within the jurisdiction of any court authorized to naturalize aliens, may be naturalized in accordance with all the applicable provisions of section 701 without appearing before a naturalization court. The petition for naturalization of any petitioner under this section shall be made and sworn to before, and filed with, a representative of the Immigration and Naturalization Service designated by the Commissioner or a Deputy Commissioner, which designated representative is hereby authorized to receive such petition in behalf of the Service, to conduct hearings thereon, to take testimony concerning any matter touching or in any way affecting the admissibility of any such petitioner for naturalization, to call witnesses, to administer oaths, including the oath of the petitioner and his witnesses to the petition for naturalization and the oath of renunciation and allegiance prescribed by section 335 of this Act, and to grant naturalization, and to issue certificates of citizenship: *Provided*, That the record of any proceedings hereunder together with a copy of the certificate of citizenship shall be forwarded to and filed by the clerk of a naturalization court in the district in which the petitioner is a resident and be made a part of the record of the court.

"SEC. 703. The ninety days' notice required by subsection (b) of section 326 of this Act to be given by the clerk of the naturalization court to the Commissioner may be waived by the Commissioner in his discretion. In any petition in which such notice is waived the Commissioner shall cause the clerk of court to be notified to that effect.

"SEC. 704. The provisions of this title shall not apply to (1) any person who during the present war is dishonorably discharged from the military or naval forces or is discharged therefrom on account of his alienage, or (2) any conscientious objector who performed no military duty whatever or refused to wear the uniform: *Provided*, That citizenship granted pursuant to this title may be revoked as to any person subsequently dishonorably discharged from the military or naval forces in accordance with section 338 of this Act; and such ground for revocation shall be in addition to any other provided by law.

"SEC. 705. The Commissioner, with the approval of the Attorney General, shall prescribe and furnish such forms, and shall make such rules and regulations, as may be necessary to carry into effect the provisions of this Act.

"SEC. 706. No person shall be naturalized under the provisions of this title unless such person has served in the military or naval forces of the United States prior to the date of enactment of this section'".

[TITLE XI—ACCEPTANCE OF CONDITIONAL GIFTS TO FURTHER THE WAR PROGRAM

[SEC. 1101. To further the war program of the United States, the Secretary of the Treasury is authorized to accept or reject on behalf of the United States any gift of money or other property, real or personal, or services, made on condition that it be used for a particular war purpose.

SEC. 1102. The Secretary of the Treasury may convert into money, at the best terms available, any such gift of property other than money.

SEC. 1103. There shall be established on the books of the Treasury a special deposit account to be designated as the "War Contributions Fund", into which shall be deposited all money received as a result of such gifts.

SEC. 1104. The Secretary of the Treasury, in order to effectuate the purposes for which gifts accepted under this title are made, shall from time to time allocate the money in such special deposit account to such of the various appropriations available for the purchase of war material and the furtherance of the war program of the United States as in his judgment will best effectuate the intent of the donors, and such money is hereby appropriated and shall be available for expenditure for the purposes of the appropriations to which allocated.

SEC. 1105. The Secretary of the Treasury shall include in his Annual Report to the Congress a summary of the gifts made and accepted under this title.

SEC. 1106. Whoever shall solicit any gift of money or other property, and represent that such gift is being solicited for the use of the United States, with the intention of embezzling, stealing, or purloining such gift, or converting the same to any other use or purpose, or whoever, having come into possession of any money or property which has been donated by the owner thereof for the use of the United States, shall embezzle, steal, or purloin such money or property, or convert the same to any other use or purpose, shall be guilty of a felony and upon conviction thereof shall be fined not more than \$5,000 or imprisoned for not more than five years, or both.

SEC. 1107. On and after January 1, 1946, the authority granted by this title shall be exercised only for the benefit of personnel of the armed forces of the United States stationed abroad. **1**

TITLE XII—COINAGE OF 5-CENT PIECES

SEC. 1201. Notwithstanding any other provision of law, the Director of the Mint shall cause the metallic content of all 5-cent pieces coined after the effective date of this title and prior to December 31, 1945, to be one-half silver and one-half copper: *Provided*, That the Director of the Mint, with the approval of the Secretary of the Treasury and the Chairman of the War Production Board, is authorized to vary the proportions of silver and copper and to add other metals if such action would be in the public interest. Such 5-cent pieces shall be deemed to be minor coins or coinage and not silver coins, subsidiary silver coins, silver coinage, or subsidiary silver coinage within the meaning of the monetary laws of the United States.

SEC. 1202. For the coinage of such 5-cent pieces the Secretary of the Treasury is hereby authorized to allocate to the Director of the Mint, at such times and in such amounts as the Secretary deems necessary, any silver bullion in the monetary stocks of the United States not then held for redemption of any outstanding silver certificates. Silver so allocated shall be accounted for by entries in the fund established for the purchase of metal for minor coinage: *Provided*, That the value of any silver bullion accounted for in said fund shall not be considered for the purpose of determining the statutory limit of said fund: *Provided further*, That the gain from the minor coinage provided for by this title shall be accounted for by entries in the minor coinage profit fund.

SEC. 1203. No silver-copper ingots shall be used for the minor coinage provided for by this title which differ from the legal standard by more than ten-thousandths. In adjusting the weight of such minor coins there shall be no greater deviation allowed than four grains for each piece.

SEC. 1204. For the purpose of section 3529 of the Revised Statutes (U. S. C., title 31, sec. 341), the 5-cent pieces provided for by this title shall be deemed to be copper.

SEC. 1205. Upon redemption any 5-cent pieces coined in accordance with the provisions of this title shall after December 31, 1945, be allocated to the Director of the Mint for melting and for subsidiary silver coinage. Any 5-cent pieces coined in accordance with the provisions of this title but not issued by the Mint may after December 31, 1945, be allocated, in such amounts and at such times as the Secretary of the Treasury in his discretion may determine, to the Director of the Mint for melting and for subsidiary silver coinage. All 5-cent pieces allocated to the Director of the Mint in accordance with this section shall be accounted for by entries in the fund established for the purchase of silver bullion for subsidiary silver coinage. Upon coinage into subsidiary silver coins of the metal contained in the 5-cent pieces so allocated, the gain shall be accounted for by entries in the silver-profit fund.

SEC. 1206. This title shall become effective sixty days after approval.

TITLE XIII—INSPECTION AND AUDIT OF WAR CONTRACTORS

SEC. 1301. The provisions of section 10 (l) of an Act approved July 2, 1926 (44 Stat. 787; 10 U. S. C. 310 (l)) (giving the Government the right to inspect the plant and audit the books of certain contractors), shall apply to the plant, books, and records of any contractor with whom a defense contract has been placed at any time after the declaration of emergency on September 8, 1939, and before the termination of the present war: *Provided*, That, for the purpose of this title, the term "defense contract" shall mean any contract, subcontract, or order placed in furtherance of the defense or war effort: *And provided further*, That the inspection and audit authorized herein, and the determination whether a given contract is a "defense contract" as defined above, shall be made by a governmental agency or officer designated by the President, or by the Chairman of the War Production Board.

SEC. 1302. For the purpose of obtaining any information or making any inspection or audit pursuant to section 1301, any agency acting hereunder, or the Chairman of the War Production Board, as the case may be, may administer oaths and affirmations and may require by subpoena or otherwise the attendance and testimony of witnesses and the production of any books or records or any other documentary or physical evidence which may be deemed relevant to the inquiry.

Such attendance and testimony of witnesses and the production of such books, records, or other documentary or physical evidence may be required at any designated place from any State, Territory, or other place subject to the jurisdiction of the United States: *Provided*, That the production of a person's books, records, or other documentary evidence shall not be required at any place other than the place where such person resides or transacts business, if, prior to the return date specified in the subpoena issued with respect thereto, such person furnishes such agency or the Chairman of the War Production Board, as the case may be, with a true copy of such books, records, or other documentary evidence (certified by such person under oath to be a true and correct copy) or enters into a stipulation with such agency or the Chairman of the War Production Board, as the case may be, as to the information contained in such books, records, or other documentary evidence. Witnesses shall be paid the same fees and mileage that are paid witnesses in the courts of the United States. No person shall be excused from attending and testifying or from producing any books, records, or other documentary evidence or certified copies thereof or physical evidence in obedience to any such subpoena, or in any action or proceeding which may be instituted under this section, on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to inculpate him or subject him to a penalty or forfeiture; but no individual shall be subject to prosecution and punishment or to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he is compelled to testify or produce evidence, documentary or otherwise, after having claimed his privilege against self-incrimination, except that any such individual so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying. Such agency or the Chairman of the War Production Board shall not publish or disclose any information obtained under this title which such agency or the Chairman of the War Production Board deems confidential or with reference to which a request for confidential treatment is made by the person furnishing such information, unless such agency or the Chairman of the War Production Board determines that the withholding thereof is contrary to the interest of the national defense and security; and anyone violating this provision shall be guilty of a felony and upon conviction thereof shall be fined not exceeding \$1,000, or be imprisoned not exceeding two years, or both.

SEC. 1303. In case of contempt by, or refusal to obey a subpoena issued to, any person, any agency acting hereunder, or the Chairman of the War Production Board, as the case may be, may invoke the aid of any court of the United States within the jurisdiction of which any investigation or proceeding under this title is carried on, or where such person resides or carries on business, in requiring the attendance and testimony of witnesses and the production of books, records, or other documentary or physical evidence. And such court may issue an order requiring such person to give testimony or produce any books, records, or other documentary or physical evidence touching the matter under investigation or in question; and any failure to obey such order of the court may be punished by such court as contempt thereof. All process in any such case may be served in the judicial district whereof such person is an inhabitant or wherever he may be found. Any person who shall, without just cause, fail or refuse to attend and testify or to answer any lawful inquiry or to produce books, records, or other documentary or physical evidence, if in his power to do so, in obedience to the subpoena of any agency acting hereunder, or the Chairman of the War Production Board, as the case may be, shall be guilty of a misdemeanor, and, upon conviction, shall be subject to a fine of not more than \$5,000, or to imprisonment for a term of not more than one year, or both.

SEC. 1304. For purposes of this title the term "person" shall include any individual, partnership, association, business trust, corporation, or any organized group of persons, whether incorporated or not.

TITLE XIV—UTILIZATION OF VITAL WAR INFORMATION

SEC. 1401. The Secretary of Commerce shall, at the direction of the President, and subject to such regulations as the President may issue, make such special investigations and reports of census or statistical matters as may be needed in connection with the conduct of the war, and, in carrying out the purpose of this section, dispense with or curtail any regular census or statistical work of the Department of Commerce, or of any bureau or division thereof. Any person who shall refuse or willfully neglect to answer any questions in connection with any special investigations made under this section, or who shall willfully give answers

that are false, shall upon conviction thereof be fined not exceeding \$500 or imprisoned for a period of not exceeding sixty days, or both.

SEC. 1402. That notwithstanding any other provision of law, any record, schedule, report, or return, or any information or data contained therein, now or hereafter in the possession of the Department of Commerce, or any bureau or division thereof, may be made available by the Secretary of Commerce to any branch or agency of the Government, the head of which shall have made written request therefor for use in connection with the conduct of the war. The President shall issue regulations with respect to the making available of any such record, schedule, report, return, information or data, and with respect to the use thereof after the same has been made available. No person shall disclose or make use of any individual record, schedule, report, or return, or any information or data contained therein contrary to the terms of such regulations; and any person knowingly and willfully violating this provision shall be guilty of a felony and upon conviction thereof shall be fined not exceeding \$1,000, or be imprisoned not exceeding two years, or both.

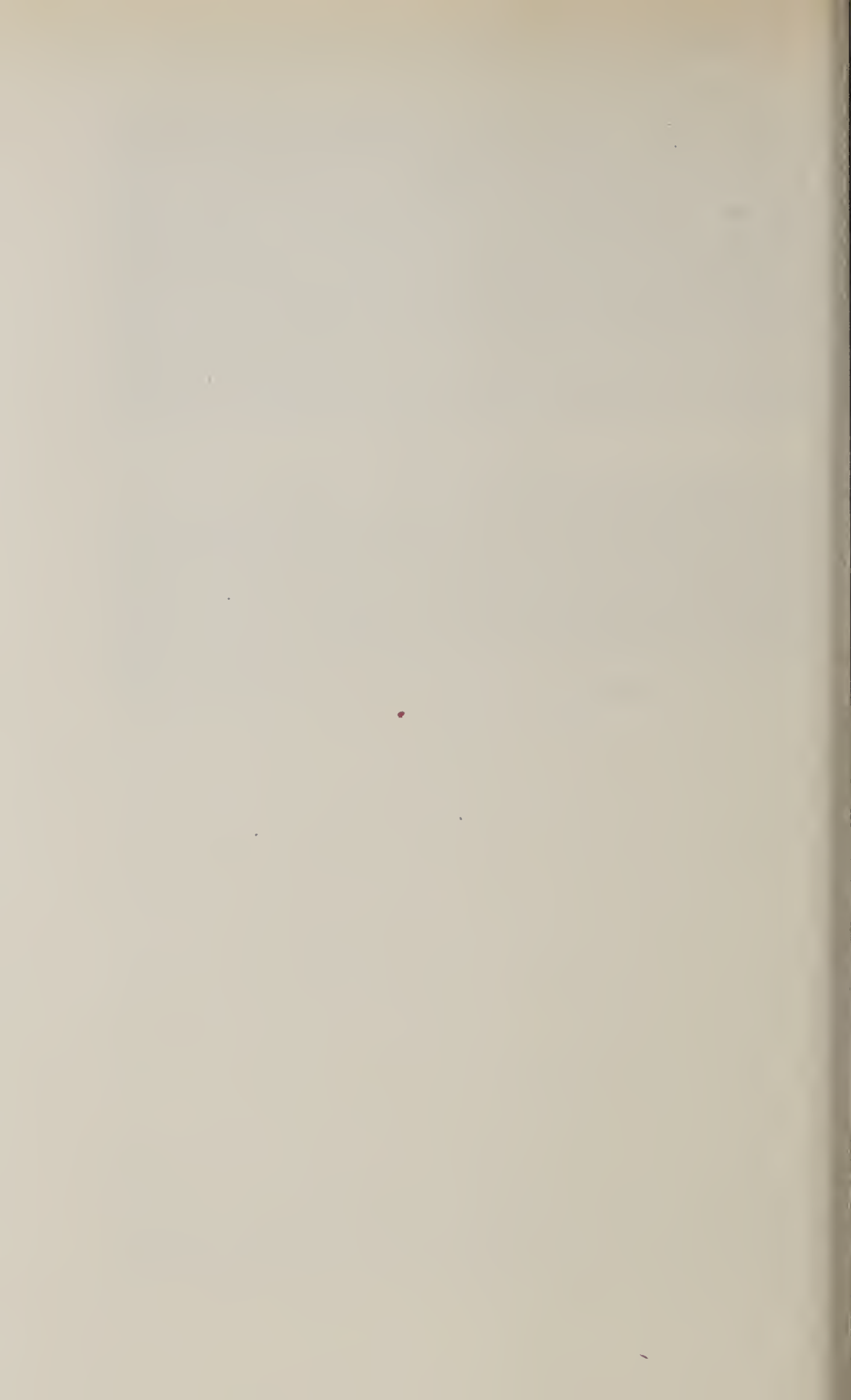
SEC. 1403. For purposes of this title the term "person" shall include any individual, partnership, association, business trust, corporation, or any organized group of persons, whether incorporated or not.

TITLE XV—TIME LIMIT

SEC. 1501. Titles I [to] , II, IV, V, [inclusive,] VII, [XI,] and XIV of this Act, and the amendments to existing law made by any such title, shall remain in force only until [June 30, 1946] *March 31, 1947*, or until such earlier time as the two Houses of Congress by concurrent resolution, or the President may designate, *and title III of this Act, and the amendments to existing law made by such title, shall remain in force only until June 30, 1947, or until such earlier time as the two Houses of Congress by concurrent resolution, or the President, may designate*, and after such amendments cease to be in force any provision of law amended thereby shall be in full force and effect as though this Act had not been enacted; but no court proceedings brought under any such title shall abate by reason of the termination hereunder of such title.

SEC. 1502. This Act may be cited as the Second War Powers Act, 1942.





Union Calendar No. 512

79TH CONGRESS
2d SESSION

H. R. 5716

[Report No. 1714]

IN THE HOUSE OF REPRESENTATIVES

MARCH 8, 1946

Mr. HOBBS introduced the following bill; which was referred to the Committee on the Judiciary

MARCH 14, 1946

Committed to the Committee of the Whole House on the State of the Union
and ordered to be printed

A BILL

To amend the Second War Powers Act, 1942, as amended.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That title XV, section 1501, of the Second War Powers
4 Act, 1942, approved March 27, 1942, as amended, is
5 amended to read as follows:

6 "SEC. 1501. Titles I, II, IV, V, VII, and XIV of
7 this Act, and the amendments to existing law made by
8 any such title, shall remain in force only until March 31,
9 1947, or until such earlier time as the two Houses of Con-
10 gress by concurrent resolution, or the President may desig-
11 nate, and title III of this Act, and the amendments to

1 existing law made by such title, shall remain in force only
2 until June 30, 1947, or until such earlier time as the two
3 Houses of Congress by concurrent resolution, or the Presi-
4 dent, may designate, and after such amendments cease to
5 be in force any provision of law amended thereby shall be
6 in full force and effect as though this Act had not been
7 enacted; but no court proceedings brought under any such
8 title shall abate by reason of the termination hereunder of
9 such title."

10 Title XI of the Second War Powers Act, 1942, as
11 amended, is hereby repealed as of June 30, 1946.

79TH CONGRESS
2D SESSION

H. R. 5716

[Report No. 1714]

A BILL

To amend the Second War Powers Act, 1942,
as amended.

By Mr. HOBBS

MARCH 8, 1946

Referred to the Committee on the Judiciary

MARCH 14, 1946

Committed to the Committee of the Whole House on
the State of the Union and ordered to be printed

DIGEST OF PROCEEDINGS OF CONGRESS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE
(Issued March 18, 1946, for actions of Friday, March 15, 1946)

(For staff of the Department only)

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HIGHLIGHTS: Senate agreed to, and House received, conference report on measure to continue certain subsidies on farm products. Senate debated minimum-wage bill. Senate committee reported second urgent deficiency appropriation bill. House passed bill extending most of Second War Powers Act until Mar. 31, 1947. Majority leader McCormack announced that Flannagan agricultural credit agency bill would be taken up Tues. and Cooley farm-credit bill Thurs. and Fri.

SENATE

1. SUBSIDIES. Agreed to the conference report on H. J. Res. 301, to continue certain subsidies on agricultural commodities (n. 2343). The House received the report (pp. 2366-7). (For provisions of the measure, see Digest 32.) The conferees agreed to the Senate amendments.
2. LABOR STANDARDS. Continued debate on S. 1349, to amend the Fair Labor Standards Act (pp. 2345-61).
Sen. Hoey, N. C., stated that tobacco industries have not had enough relief from taxes, price control, wage control, etc., and Sen. Aiken, Vt., and others discussed this with him (pp. 2352-3).
Sen. Aiken, Vt., and others discussed whether food processors, etc., should be included under the Act (pp. 2354-8).
The bill raises the minimum wage to 65 cents an hour during the first 2 years, 70 cents in the third and fourth years, and 75 cents thereafter; extends the Act to employees engaged in any activity affecting interstate or foreign commerce (chiefly involved are employees of large chain and large independent stores, but small retail stores would still be exempt); includes industries processing agricultural or horticultural commodities or fish under the minimum-wage and overtime provisions, but such of these industries as have marked annually recurring seasonal peaks are made eligible for a single overtime exemption in place of the present system; directly prohibits the employment of oppressive child labor by those engaged in commerce, the production of goods for commerce, or any other activity affecting commerce; and modifies the provisions for employee suits.
3. DEFICIENCY APPROPRIATIONS. The Appropriations Committee reported with amendments

H. R. 5671, the second urgent deficiency appropriation bill, which includes funds for fighting forest fires and E&PQ personnel costs (S.Rept.1066)(p. 2343).

4. ECONOMY. Received a resolution from several local taxpayers' associations favoring economy in Government expenditures (pp. 2342-3).
5. RECESSED until Tues., Mar. 19 (p. 2363).

HOUSE

6. WAR POWERS. Passed with amendment H. R. 5716, to extend until March 31, 1947 the provisions of the Second War Powers Act (pp. 2370-85).
7. RUBBER. Received from the Director, War Mobilization and Reconversion, the first report of the Interagency Policy Committee on Rubber. To Agriculture Committee. (p. 2388.)
8. LEGISLATIVE PROGRAM. Majority Leader McCormack announced the legislative program for this week as follows: Mon., consent calendar and H. R. 5407, to grant FWA certain powers regarding buildings and grounds; Tues., H. R. 4873, to create an Agricultural Credit Agency; Wed., H. R. 2115, to transfer the fur-bearing animal research activities to this Department; and Thurs. and Fri., H. R. 2501, to slow up the liquidation of rural rehabilitation projects and H. R. 2239, the Cooley farm credit bill (p. 2386). Speaker Rayburn announced that on Monday he would recognize Rep. Poage, Tex., on a motion to suspend the rules and consider H. R. 538, to authorize the Secretary to requisition suitable surplus material and equipment for soil-and-water-conservation work (p. 2386).

BILLS INTRODUCED

9. TRANSPORTATION. S. 1950, by Sen. Vandenberg, Mich., to repeal the law permitting vessels of Canadian registry to transport iron ore between U. S. ports on the Great Lakes. To Commerce Committee. (p. 2343)
10. LOBBYING. H. R. 5787, by Rep. Smith, Va., to require the registration of persons engaged in lobbying and to require an accounting of contributions received for the purpose of influencing legislation. To Judiciary Committee. (p. 2388.)

ITEMS IN APPENDIX

1. PRICE CONTROL. Rep. Rogers, Mass., inserted a Veterans of Foreign Wars statement claiming that a workable production program is the only effective method of price control. (pp. A1477-8).
Rep. Gordon, Ill., inserted Ill. League of Women Voters and Chicago Sun articles favoring the extension of price and rent controls (pp. A1486-7).
Extension of remarks of Rep. Mason, Ill., including a Saturday Evening Post editorial criticizing OPA's policies (p. A1496).
Rep. Larcade, Jr., La., inserted a Washington Evening Star article claiming that price control is "unworkable" (pp. A1496-7).
2. FEED SHORTAGE. Extension of remarks of Rep. Patterson, Calif., stating that he had appealed to this Department to remedy to grain and feed shortage in Calif. (p. A1483).

years will shock our Christian civilization for a thousand years.

Communism and Christianity cannot live together in the same atmosphere.

Communism and free enterprise cannot exist together on the same soil.

That is one thing that is today arousing the English-speaking world. While I am speaking to you now 5,000 Communists and their sympathizers are picketing Winston Churchill's hotel in New York.

They are attempting to undermine, and they openly proclaim that they propose to destroy, free enterprise in America, and pretend to tell you that it would make America stronger to drag us down into that depth.

If it had not been for free enterprise in America Hitler would have gone to Moscow and to London. It was free enterprise in America, American freedom, American liberty, American patriotism that furnished the strength that won this war.

Every once in a while some Communist comes and lies about me about the Negro question. I live in a State that has almost as many Negroes as whites. Did you ever hear of a race riot in Mississippi? You heard of that one in Detroit last year, did you not? There they killed more Negroes in one Communist-inspired race riot in Detroit, Mich., than have been killed in Mississippi since the War Between the States?

There is a good old Negro farmer living in my county, I suppose some of these parlor pinks would call him a tenant farmer, which he is, and he is a good one, and he is respected by Negroes and whites alike. This man had a son, who was a musician. He went up to Michigan and organized a band. At the time the riot occurred in Detroit he was playing on Belle Isle, an island in the river just outside the city. He saw the trouble brewing and thought that he had better get out, so he gathered his band together and the 17 of them took a bus. They pulled up in front of a hotel in Detroit, when the mob raided the bus and killed every single one of them.

That would not have happened in Mississippi; it does not happen in any of the Southern States.

Right today I am trying to get the Veterans' Administration to build a hospital for the Negro veterans in my State; but the Communist Negroes from other States and a few other long-nosed Communists who are from other countries, are protesting; yet the Negro doctors down there say they want this hospital so they can have their own doctors and their own nurses to treat their own people. But these Communists want to force the whites and blacks into the same hospital, in order to create as much trouble as possible.

I never had one of these Communists come before the Committee on World War Veterans' Legislation and ask us to do a single thing for the Negro veterans of this country. No; they are out to destroy.

Not only that, they have been flooding into this country by the hundreds of thousands in violation of our immigration laws. I am in favor of shipping

them back where they came from, and the sooner the better.

They have wormed their way into every department of this Government. If you do not believe it go down to some of these bureaus and take a look.

Mr. COX. Mr. Speaker, will the gentleman yield?

Mr. RANKIN. In just a minute.

Right there, I am in favor of cleaning house in every bureau of this Government. Let us put American veterans in those places. Let us put these American veterans, Waves, and Wacs in there to work instead of these long-nosed agitators who are in there now trying to undermine and destroy our country.

Did you know that they have destroyed our counterintelligence service?

My God! U. S. Grant and Robert E. Lee would turn over in their graves if they knew that we had permitted a group of Communists to undermine and destroy the greatest counterintelligence system on earth. But they have done that very thing. But they did it over my protest and over the protest of other members of the Committee on Un-American Activities.

That is the crowd we want to get rid of. I am telling you now the time has come when the American people are going to demand that Congress stand up and protect their interest, protect their Government, protect their institutions, and protect their way of life.

Mr. COX. Mr. Speaker, will the gentleman yield?

Mr. RANKIN. I yield to the gentleman from Georgia.

Mr. COX. The gentleman, of course, knows that I feel he and his committee have rendered a very valuable service to our country. His persistent pursuit of the group that is undermining or undertaking to undermine this Government is, of course, commendable.

I hold here in my hand a certificate of incorporation of an organization posing as a foundation, incorporated under the laws of Delaware, "to receive and maintain a fund or funds and to apply the income and principal thereof to promote the well-being of mankind and to use as means to that end the aid of any publication or research," and so forth.

I also hold in my hand photostats of just 1 day's transactions, in the form of checks paid out by this foundation to agencies which the members of the board of the foundation evidently classify as "ones promoting the so-called well-being of mankind." These checks, 14 in number, issued by the foundation are only 1 day of its 3 years' activities, and total several thousand dollars. What a check of the so-called foundation for a month or a year or several years in which it has operated would show would no doubt be astounding.

These checks are payable to such agencies "promoting the well being of mankind" as the Daily Worker, the official organ of the Communist Party, \$1,000; to the International Labor Defense, set up as a branch of the Moscow Internationale, headed by a certain Member of this House, \$1,100.

Other beneficiaries are the Communist Daily in the Yiddish language, the Na-

tional Foundation for Constitutional Liberties; the National Negro Congress, the American Committee for Protection of the Foreign-born, the German-American Emergency Conference, National Committee to Abolish the Poll Tax, the New Masses, another Communist organ, the Veterans of Abraham Lincoln Brigade, and other such organs and Communist fronts.

Mr. Speaker, who are the incorporators of this so-called foundation? No other than Robert W. Dunn, one Brodsky, and Alfred H. Hirsch, the former a widely known Communist official in New York City and the latter said to be a mid-western manufacturer.

Where has this money come from? I cannot say as to all of it, but parts of it are shown to be transfers in the form of U. S. S. R. coupons, of ruble values, transferred from the Chase National Bank, New York City, the bank in which all Soviet government and Soviet agency funds are carried in the United States, to the credit of the Sound View Foundation, in the Amalgamated Bank of New York City. So far as the transfer in Russian rubles is concerned, I hold in my hand photostatic copies of the transactions.

Mr. RANKIN. The gentleman has touched on only one of these subversive organizations that we are called upon to investigate. When we ask that our investigators, sworn to uphold the law, see their books, they set up a howl and publish an attack on the Committee on Un-American Activities. Now, if they are not doing anything wrong, why do they object to showing their books?

Mr. COX. In the midst of one of the worst wars in history, we find Russia financing Communist organizations in this country in their campaign to wreck and ruin our country.

Mr. RANKIN. Yes. They are trying not only to abolish the Committee on Un-American Activities, they are trying to abolish the FBI. They have succeeded in destroying our counterintelligence system; they have succeeded in packing every bureau and agency of this Government with subversive elements; now they want to destroy the Committee on Un-American Activities, and they want to destroy the Federal Bureau of Investigation; they want to get rid of J. Edgar Hoover and the entire FBI in order that they may carry on their subversive activities and undermine and destroy that government for which our boys have been fighting and dying all over the world.

Mr. MAY. Mr. Speaker, will the gentleman yield?

Mr. RANKIN. I yield to the gentleman from Kentucky.

Mr. MAY. I do not want to say much about it at this time, but they have been after me and I am not afraid of them.

Mr. RANKIN. I want to compliment the gentleman from Kentucky. He is a real American.

I can trace the record of everyone that has attacked me and show their Communist connection. And I am attacked by them more often than any other Member of this House. Why? Simply because I have fought to establish and

maintain the Committee on Un-American Activities. In other words, in my humble way I have kept the lamp trimmed and burning, and I expect to continue to do so as long as I am here and our country is threatened.

I call on every man from President Truman, my very good friend in the White House, down, I call upon the head of every department, I call upon the head of every bureau to start house cleaning now, and let us put our returning veterans into the jobs, so as to protect their Government, which this element wants to destroy.

Let me say just one word more, and I am going to close, unless there are other interruptions.

I may not agree with Winston Churchill on everything. I have never said that I was going to vote any loan to a foreign country after the war closed. I have said on this floor, and I repeat, that I do not agree with Winston Churchill or any one else that we should have a common citizenship with the people of any other country. The fact is, he did not call for it at the present time. He said it might be in the future. I doubt that. I am not in favor of a military alliance with any other country in the world in time of peace. I believe with Thomas Jefferson, the greatest Democrat the world has ever seen, when he said out there on the east front of the Capitol in his first inaugural address that his policy was "Peace, commerce, and honest friendship with all nations, entangling alliances with none."

I still believe in that attitude, but I am utterly disgusted with some of the scurrilous attacks that are being made on Winston Churchill, one of the greatest leaders of our race and age, who is today sounding a warning to the civilized people of the earth, the Christian people of the earth, the people who believe in free government, the people who believe in free enterprise, to be on guard from now on and to protect our countries, our freedom, and our Christian civilizations from being undermined and destroyed by a ruthless element that entertains exactly the opposite philosophy of life.

God save America from destruction at their hands.

AMENDING THE SECOND WAR POWERS ACT, 1942, AS AMENDED

Mr. SABATH. Mr. Speaker, I call up House Resolution 558 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 5716) to amend the Second War Powers Act, 1942, as amended. That after general debate, which shall be confined to the bill and shall continue not to exceed 1 hour to be equally divided and controlled by the chairman of the Committee on the Judiciary, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same back to the House with such amendments as shall have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto

to final passage without intervening motion except one motion to recommit.

Mr. SABATH. Mr. Speaker, the gentleman from Mississippi [Mr. RANKIN] obtained the floor on a question of personal privilege. However, as has been stated by the Speaker, the only matter which appeared in the advertisement in the New York Times, from which the gentleman read, are words to the effect that he had "sneaked through" the resolution providing for the creation of the Committee on Un-American Activities. There are some Members who feel that a point of order should have been made against the gentleman that he was not talking to the issue of personal privilege, but was, rather, talking solely about Communists, communism, White Christians, and about himself.

I felt we should allow him to proceed, and let him talk.

To repeat his charges, the gentleman contends that the executive departments are filled with Communists who are endangering the country, and who should be separated from the pay rolls; and, he says, he will not rest until he gets every one of them out of the departments.

Well, Mr. Dies and his committee, instead of investigating the genuinely subversive, seditious activities of the Fascists, Nazis, bundists, and similar un-American groups, devoted themselves for several years to intensive newspaper reading in the credulous belief they were investigating Communists and communism. They amassed many a file drawerful of clippings and notes. On that basis Mr. Dies claimed that there were thousands of Communists in the Government departments, although the statutory investigative agencies were screening all applicants most carefully.

You will recall that a special subcommittee of the Appropriations Committee was appointed particularly to study the situation, and after weeks of investigation and hearings the subcommittee reported it had located, out of all the hundreds of thousands of Government employees, three who had Communist leanings.

And who were these gentlemen, Mr. Speaker?

They were three outstanding liberal scholars, drawn into public service, at a sacrifice to themselves, from private life, to do a war job for which each was well qualified in the Federal Broadcast Intelligence Service. There was Dr. Robert Morss Lovett, a former Governor of the Virgin Islands; Dr. William E. Dodd, son of the former ambassador; and Dr. Goodwin Watson, of Columbia University. Although the House voted to withhold salary payments from these three, I will say now that in my opinion there were no more competent, able, honest, and patriotic gentlemen in the service of our Government than they; and I feel some confidence in my Judgment, Mr. Speaker, because the Supreme Court of the United States sustained their appeal, and ordered their unpaid salaries paid to them.

The charges made by the gentleman from Mississippi and by the gentleman from Georgia do not seem to me to be very substantial. They seem rather to

be timed with the publication by a subcommittee of the Senate Committee on Military Affairs of the first installment of the names of Americans who were listed as members of the Nazi Party or of the German-American Bund, and to create a counterdiversion, or perhaps to forestall a revelation of the activities of some of our native fascists and violent reactionaries.

However, Mr. Speaker, I am not going to detain the House longer; we already have been delayed by the speech of the gentleman from Mississippi.

Mr. Speaker, this rule makes in order the consideration of H. R. 5716, a bill to extend the Second War Powers Act. I am informed that was unanimously reported by the Committee of the Judiciary, after careful deliberation and consideration. The report which has been filed in connection with this bill sets forth clearly the need for the legislation. It extends the power to March 31, and in some sections to June 30, 1947. It is an open rule. It provides for 1 hour of general debate and will then be taken up under the 5-minute rule, giving the Members an opportunity to offer any amendments that are germane to the bill.

Mr. Speaker, I yield 30 minutes to the gentleman from Michigan [Mr. MICHENER].

(Mr. SABATH asked and was given permission to revise and extend his remarks.)

Mr. MICHENER. Mr. Speaker, this bill has had the most careful consideration. I happen to be a member of the Committee on Rules and also the Committee on the Judiciary. I would like to see the War Powers Act done away with just as soon as that can be done and the safety of the country and the personal needs of our people protected. Personally, I do not think that time has arrived. I would like to eliminate as much of the rules, regulations, and regimentation coming about through the War Powers Act as possible. I think that was the general attitude of the Committee on the Judiciary. However, after careful, painstaking, nonpartisan, and unprejudiced consideration by the committee—having but one purpose in mind—the best interests of all the people at the moment, that committee reached the unanimous conclusion that this bill should be enacted in the form in which it is presented, with certain amendments that will be offered by the committee.

Mr. HOFFMAN. Mr. Speaker, will the gentleman yield?

Mr. MICHENER. I yield to the gentleman from Michigan.

Mr. HOFFMAN. Has the gentleman any information as to whether or not when the date fixed by this bill has been reached there will be another request for an extension?

Mr. MICHENER. Of course not. That will be controlled entirely by the conditions as they are at that time. That is true of any law on the statute books. It would seem rather unusual if the House could take a crystal ball and look into the future and say, "Will that law be necessary 10 years from now?" Of course, no one knows. Personally, I feel

a part of the powers is necessary now. I may be wrong. Others may disagree with me. But that is my view, and feeling as I do about the matter, I shall support the legislation, which I believe to be in the best interests of the country at the moment. I am not on the subcommittee which has given special consideration to the bill. The men who have studied every detail and who presented their views to the full committee are in a position to answer all the questions, I think, that anyone may want to ask.

Mr. HOFFMAN. Of course, we all realize that it is impossible to predict with any great degree of certainty what the situation may be at the date fixed by this bill for the expiration of these powers, but it is equally true that some people must have had some information before them or they could not have fixed on these particular dates.

Mr. MICHENER. To me, the answer is very simple. The extensive hearings convinced the committee that it is necessary in the interest of the public good to extend these powers to the date given in the bill, with the amendments that will be offered, but the committee could not look into the future further than that date and say that the powers might be necessary after that date. It does say that the powers are necessary up to that date. I hope no longer.

Mr. HOFFMAN. Mr. Speaker, will the gentleman yield once more?

Mr. MICHENER. Yes. I do not want to take any more time than I have to.

Mr. HOFFMAN. The gentleman has plenty of time. I understand there are no requests for time.

Mr. MICHENER. I will yield for a question.

Mr. HOFFMAN. Suppose the gentleman yield me 5 minutes, then.

Mr. MICHENER. Yes.

Mr. HOFFMAN. All right.

Mr. MICHENER. Because the gentleman never has any time, and I want him to have time, I will cut somebody else out.

Mr. HOFFMAN. The gentleman's sarcasm does not cut any figure here.

Mr. MICHENER. Mr. Speaker, I entered upon the consideration of this proposal hostile to a continuation of war powers, but after extensive hearings and mature deliberation, I was persuaded that my first impulse was not sound logic. It is no easy matter to vote for the continuation of wartime authority after the shooting has ceased. Yet our military forces are all over the world; there is not enough food and clothing and housing to properly care for our own people, especially the returning soldiers and sailors. I do believe, therefore, that there should be equitable distribution of what there is. Every effort should be made to do away with the black market. The poor, the needy, the humble, and those without means to pay exorbitant prices, and without influence to command preferment, are entitled to our consideration and help. I want to render this service because it is best all the way around. Naturally, the human instinct plays its part, and then the economy and future of the country demands such action.

Adequate production of these commodities is the real answer but we have

a responsibility here until that production is secured. No one from my district or throughout the country has asked me to repeal the War Powers Act immediately. Many have written asking me to eliminate certain practices on the part of OPA and other administrators. Most people state squarely that all war powers should not be hastily repealed. I want it understood that I am not approving these war powers as a policy. The country accepted this practice as a necessity and the minute that necessity ceases to exist I will be in the lead in returning to a genuine free enterprise and the American way.

Mr. MICHENER. Mr. Speaker, I yield 5 minutes to the gentleman from Tennessee [Mr. JENNINGS].

Mr. JENNINGS. Mr. Speaker, as a member of the Committee on the Judiciary, I shall support this rule and this bill, with the understanding reached unanimously by the committee that the period for the extension of title 3 of the Second War Powers Act, as amended, shall be limited to a period of 9 months, that is, to March 31, 1947, with the exception of the power to make allocations of building materials which will be extended to June 30, 1947.

We take that position in order that, as soon as possible, the country, its industries, and all the people engaged in all lines of business in this country may be relieved of governmental restrictions and regulations. It is our belief that free enterprise has built this country, and that as soon as possible we ought to get out from under the intolerable restrictions which have caused so much trouble in this country.

I hold in my hand a copy of a telegram which I received on March 8 from W. A. Brownlee, president of the Appalachian Mills, of Knoxville, Tenn., my home city. That is a mill in my city that makes heavy cotton underwear and employs 1,200 men and women, boys and girls. This is what he says:

HON. JOHN J. JENNINGS,

House Office Building,

Due to general wage increase throughout the textile industry which we must meet and due to higher cotton cost over which we have no control we cannot continue operation of our underwear mill and will be forced to lay off 1,200 people unless we get immediate relief from present OPA ceilings as our financial condition is such that we cannot continue our operation on the present basis as we are one of the largest producers of heavyweight underwear anything you can do to keep us in business and help us maintain our present employment level will be appreciated.

W. A. BROWNLEE,

President, Appalachian Mills Co.

That statement on the part of the president of that company is verified by Local 377 of the International Ladies Garment Workers Union, through its president and business agent.

The telegram follows:

KNOXVILLE, TENN., March 11, 1946.

HON. JOHN J. JENNINGS,

House Office Building,

Washington, D. C.:

Due to the general wage increases being granted in the textile and other industries, which our members must receive in order to meet the continued rise in the cost of living, the 1,200 members of the International Ladies Garment Workers Union employees of the

Appalachian Mills feel like there should be some immediate price relief granted this company from their present OPA ceiling prices on underwear, so that this company may continue to operate and furnish work to our members. Anything that you can do to help us safeguard our jobs and living will be greatly appreciated.

INTERNATIONAL LADIES GARMENT
WORKERS UNION,
RALPH HICKS, *President,*
CLYDE LEE, *Business Agent.*

There are 1,200 fine American citizens in that organization. Their relationship with their employer has been so amicable and they have gotten along in such a splendid way that during the Christmas holidays these 1,200 men and women gave a great dinner, attended by 500 of their members, to the management of that concern. Here they are now, all in the same boat, seeking to attain the same objective. They desire to continue in business, to live, earn money, to produce the clothing our people must have. It is on account of the facts set out in these telegrams that we want to end these controls as soon as possible.

Now, we have entered upon a program, world-wide, to undertake to feed and save the lives of the people of Europe, under the leadership of that great humanitarian, former President Herbert Hoover. I have this telegram from the head of a milling company in Knoxville that is about the only mill in Knoxville, a city of 150,000 people, that produces cornmeal. We know how to make and enjoy eating corn bread in Tennessee. Here is what Bill Peters says:

KNOXVILLE, TENN., March 14, 1946.

HON. JOHN JENNINGS, JR.,

House of Representatives:

OPA has advanced corn 3 cents, but has not raised meal ceiling which should be up about 10 cents per hundredweight. We are being squeezed out of business. If we shut down there will be scarcely any cornmeal made in Knoxville as our competitor has ground no corn for months. Best way to save wheat here is to provide cornbread, which is staple food in east Tennessee. We are entitled to relief and trust you can help us.

BILL PETERS.

Now, that is the reason why we provide in this measure that we are going to extend these wartime powers of title 3 for a period of 9 months. We further provide if, as suggested by the gentleman from Michigan [Mr. HOFFMAN], there can be a sooner termination of the exercise of these powers, then the act may be ended by concurrent resolution of the two Houses of Congress. In other words, we are trying to keep the controls that we are delegating by extending this act, in the hands of Congress. We can exercise it at any time we see fit, but at this time I feel it is in the public interest that this rule be adopted and this measure enacted.

The SPEAKER pro tempore (Mr. MURPHY). The time of the gentleman from Tennessee has expired.

Mr. MICHENER. Mr. Speaker, I yield the gentleman two additional minutes.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. JENNINGS. I yield.

Mr. RICH. Why do we not terminate it now?

Mr. JENNINGS. Well, there are many very good reasons. We are now

trying to allocate materials that will expedite the construction of houses for veterans and other people who are desperately in need of housing materials. We do not wish to furnish anyone with an alibi for failure to furnish veterans homes in which to live. This committee is composed of both Democrats and Republicans. We did not consider this matter in any partisan light. We are simply undertaking to do the best we can for the people in the present emergency.

Mr. RICH. Under OPA regulations, as soon as we have a supply equal to the demand, it ought to be cut off at once, but they do not do it. As long as you have the OPA they will not do it.

Mr. JENNINGS. I know the OPA has done a lot of foolish things. It has sinned grievously. The last question I asked Mr. Bowles when he last appeared before the Committee To Investigate Executive Agencies was, "Is not this your trouble? Have not you inherited a great big sprawling octopus that has its tentacles around the throats of the people of this country, and did not you, along with that agency, inherit hundreds of bright young men who think they know it all, who promulgated a lot of unbending and many times meaningless rules and regulations and interpretations and explanations that do not explain, and you will not make them change them? And will not change them yourself?" He said: "We have made a lot of mistakes." When we get around to it I am in favor of cutting that agency down to buttonhole size.

Mr. GRANT of Indiana. Mr. Speaker, will the gentleman yield?

The SPEAKER. The time of the gentleman from Tennessee has again expired.

Mr. MICHENER. Mr. Speaker, I yield the gentleman two additional minutes.

Mr. JENNINGS. I yield to the gentleman from Indiana.

Mr. GRANT of Indiana. It was my understanding that the housing bill we passed a few days ago effectively continued the authority to allocate building materials.

Mr. JENNINGS. That is true, but this measure, of course, applies to other things.

Mr. GRANT of Indiana. So the housing program cannot be the justification for this extension.

Mr. JENNINGS. No, perhaps not; that has already been taken care of, as I understand it. But we feel that the President's powers should be as great as those of an executive agency and, in this instance, should be extended to June 30, 1947.

Mr. MILLER of Nebraska. Mr. Speaker, will the gentleman yield?

Mr. JENNINGS. I yield.

Mr. MILLER of Nebraska. As I understand, the Office of Price Administration is not affected by the further continuance of the War Powers Act.

Mr. JENNINGS. No; that will have to be done separately. That agency will be dealt with under the Price Control Act.

Mr. MILLER of Nebraska. All the restrictive rules and regulations they have

issued with reference to priorities and allocations have not been effective to get reconversion going, to stop hoarding. Does not the gentleman think we had better get back to a sound basis?

Mr. JENNINGS. This law is like laws written by men; it is interpreted and enforced by human beings, and men are not perfect.

Mr. MILLER of Nebraska. Does not the gentleman think that under this priority system we have seen the cotton mills close, the lumber mills close, and butter disappear from the market, all under the War Powers Act?

Mr. JENNINGS. I think the OPA is the rat in the meal tub. We can curb that agency when we take up the question of whether the price-control law is extended, and, if so, what further protection of the rights of the people shall be written into it. I am for making the measure crystal clear. Congress should say with respect to all the powers conferred by that law, "Thus far shalt thou go but no further." We should make it so clear and so imperative that not even a bureaucrat can err or transgress in carrying out the will of Congress.

(Mr. JENNINGS asked and was given permission to revise and extend his remarks and include extraneous matter.)

Mr. SABATH. Mr. Speaker, I yield 10 minutes to the gentleman from Virginia [Mr. SMITH].

Mr. SMITH of Virginia. Mr. Speaker, I ask unanimous consent to proceed out of order.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. SMITH of Virginia. Mr. Speaker, I wish to talk about a subject that you have heard a good deal about in recent days, and that is this so-called lobbying around here. It is said that this place is infested with lobbyists. I do not know anything about it, I have not seen them; but if that be the fact, and I have no disposition to say it is not, if it be the fact I think we ought to know something about it.

The gentleman from Illinois [Mr. SABATH], the distinguished chairman of my committee, has introduced a resolution to investigate that subject. I think well of it. But it brings to my mind what happened about 10 years ago when we had the securities and exchange bill up. There was a great deal of talk about lobbying and it got so bad around here that the House directed the Committee on Rules to make an investigation of that subject, which we did. As a result of that investigation the committee directed me on its behalf to introduce a bill to require the registration of lobbyists and to require an accounting of funds that were collected for the purpose of influencing legislation; in other words, to pour the light of day on this subject of lobbying; to take it up, look at it, and see if it is here and what it is doing.

I thought that was an excellent proposal, and the House thought so. We passed that bill. It was considered very carefully by the Judiciary Committee of the House. At about the same time the then Senator Black, now Justice Black, had a similar bill in the Senate. He

thought it was a good idea and the Senate thought it was a good idea, and they passed that bill. The two bills went to conference. I was invited to sit in on that conference that ironed out the differences, and we did, and the greatest care was given to the language contained in the bill that finally resulted in a conference report. That conference report, as I recall it, passed the Senate and came over here to the House. About that time Father Coughlin was riding high, and the bill was going to require Father Coughlin to say where the money he got came from. Unfortunately the conference report came up on a Monday, but Father Coughlin had the microphone on Sunday and he blasted that bill and its author at great length. When the bill came to the House, after all the consideration it had had, following Father Coughlin's exposition, it was defeated on a roll call vote overwhelmingly.

I believe the time has come again when we should consider that subject and when we should hear this discussion about the bad effects of lobbying around here. Let us do something about it. Why should not people who come here for the purpose of influencing legislation who are hired for that purpose, lay their cards on the table and say, "I am employed by such-and-such a company. I am paid so much per annum. I am here for this specific purpose." It may be a laudable purpose. I like to get all the information I can. There is nothing disgraceful about it. It is an honest occupation. Many States have similar laws. Why do we not just do that?

The reason I am taking the floor this morning is to say that I have dug out that old conference report that was carefully considered, every word, paragraph, comma, and period. I dug up that old conference report and I brought it back here to you. I am going to introduce it today. It will go to the Judiciary Committee.

Now, if we mean business about this lobbying stuff, let us pass that bill; then let us bring this subject out in the open and see whether this lobbying is here and if it is let the public know about it. I do not believe Members of Congress are being very much influenced by lobbyists, but when we see the papers rave about the great lobbyist ring that is up here, it creates an impression that I think we should disabuse the public mind of by having this lobbyist stuff set right out on the table where we can look at it.

Mr. JENNINGS. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from Tennessee.

Mr. JENNINGS. I am glad to hear the distinguished gentleman say that he is going to introduce a measure of this kind. As a member of the Committee on the Judiciary may I say to him now that I favor that kind of a law. The only lobbyists I know anything about are the fellows at the head of the creek, down on the farm, in business and in trouble in my district. I would like to get some real lobbyists and put them on exhibition, to see if they have horns or a

tail, or just who they are and what they are. I also would like to get some of these bureaucrats in the Government up here too.

Mr. SMITH of Virginia. I can tell you something about that subject too if I have the time.

Mr. KOPPLEMANN. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from Connecticut.

Mr. KOPPLEMANN. I am very much interested because those of us who have busy offices are importuned through the mails and by the telegraph. I received telegrams to which my office took the trouble of answering. The 12 letters went to one small town and 11 of them were returned as unknown and not in the directory.

Mr. SMITH of Virginia. I hope the gentleman will help me get the bill through.

Mr. BRADLEY of Michigan. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from Michigan.

Mr. BRADLEY of Michigan. I am very glad to support the gentleman's proposal so that we may know where these lobbyists are, but I want to repeat what my good friend from Tennessee said a few minutes ago. The most pernicious lobbying that I know of on Capitol Hill comes from bureaucrats up-town. It is about time that the public knows how much pressure is put on Congress by these Government bureaus.

Mr. SMITH of Virginia. I can tell the Members something about that, and this is not a bad time to do it. We already have plenty of law on that subject. We have a law which makes it a criminal offense and removes from office any Federal employee who spends any Government funds directly or indirectly to influence legislation.

I had an experience with that situation a few years ago. We were investigating the National Labor Relations Board and in the course of that investigation of their own documents we found that a separate bureau or section had been set up for the purpose of lobbying with Congress to prevent the passage of any amendments to that act. By direction of the committee I submitted all of that evidence to the Attorney General and asked that the law be carried out. I had some correspondence with the Attorney General but it resulted in nothing. No prosecution was ever carried on. That was some years ago. I do not know why it was not pushed, but the rumor around town was that the matter had been submitted to higher authorities and in a discussion among the higher authorities it was said that if the prosecution was had in that case it was probable that too many of our bureaucrats would land in jail instead of behind their desks attending to the duties involved in their jobs. At any rate, nothing was ever done about it.

Mr. BRADLEY of Michigan. It seems passingly strange that frequently when we are considering legislation to extend the life of certain of these bureaucracies, they find it necessary to come down and

make contact with the Congressman from their district and solicit his vote.

Mr. SMITH of Virginia. That is wrong. I want to say, however, that advice and assistance from these bureaus is very necessary to us in the drafting of legislation. We ought to have that assistance and it is proper that we should have it.

Mr. BRADLEY of Michigan. That is true, when we ask for it.

Mr. HENRY. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from Wisconsin.

Mr. HENRY. I would like to congratulate the gentleman from Virginia for having introduced the legislation to which he has referred. I want to assure him that I shall be very glad to support him in that effort. Also I would like to say that since these charges have been made, I, too, believe that a thorough investigation should be conducted; however, I warn the gentleman that even though the legislation that he has introduced becomes law, we will continue to have these charges made relative to illegal lobbying.

Mr. SMITH of Virginia. It will be in the open anyway.

Mr. BRADLEY of Pennsylvania. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from Pennsylvania.

Mr. BRADLEY of Pennsylvania. I am interested in what the gentleman is saying.

Mr. SMITH of Virginia. I hope the gentleman will vote for the bill then.

Mr. BRADLEY of Pennsylvania. I wonder if the gentleman can clarify what is lobbying and what might constitute legitimate representation?

Mr. SMITH of Virginia. I do not know. Somebody else will have to answer that question. I want to say this: One gentleman spoke of his constituents up at the fork of the creek. Of course, that is not lobbying. We all hear from our constituents and get information from them that is useful.

Mr. ERVIN. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from North Carolina.

Mr. ERVIN. I would like to ask the gentleman if the fundamental difference between a lobbyist and a patriot does not lie in the fact that a patriot favors some bills that the gentleman is supporting, and that a lobbyist is opposing that bill. Is that not the fundamental difference between the two?

Mr. SMITH of Virginia. I suppose there is a good deal in that definition.

Mr. MICHENER. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. HOFFMAN].

(Mr. HOFFMAN asked and was given permission to revise and extend his remarks.)

Mr. HOFFMAN. Mr. Speaker, we all have confidence in the House Committee on the Judiciary, but some think it long past time to end the arbitrary powers granted to the Executive during the war and by him parceled out to various agencies and individuals.

Day after day since the end of the fighting there comes to the desk of each

of us many complaints from individuals in our districts calling attention to regulations and to administrative policies which in the opinion of the writers and of those who personally call upon us, hinder and in some cases prevent production. Many of us know the writers of these letters. We know many who come to our offices with their protests. We know them to be patriotic individuals, men who have been successful in business, in production; men who have been successful farmers, who have been successful as growers of berries and fruits. The stories unfolded by them are in their essentials similar. They all follow one pattern. They all present concrete examples, illustrations, showing that some order of OPA, or some other bureaucratic agency is making it impossible to produce merchandise, to grow food products, to package them, to put them on the market.

For days it was my privilege to sit on a committee—the Smith committee—hearing complaints of those who were engaged in business and who found it either difficult or impossible to continue production under the OPA. During those hearings Chester Bowles and his chief assistants and his lawyers sat with the committee, heard much of the testimony and attempted to make answer.

Mr. Bowles and his associates admitted the making of many mistakes. It should be said at this point that that was not surprising because the agency dealt with thousands of regulations, attempted to fix prices, as I recall the testimony of Mr. Bowles, on a million items.

OPA promised to correct the mistakes, but it never went to the root of the trouble, to the cause of its mistakes, nor modified the unsound theory on which it was operated.

Notwithstanding the fact that the Congress directed Mr. Bowles to disregard the question of profits in making his regulations, his subordinates did take profits into consideration, and without authority attempted to impose a limitation upon the profits which a producer, a middleman, or a retailer might make.

The gentleman from Tennessee [Mr. JENNINGS] just cited his own district an example which shows the destructive affect of an OPA regulation. He could have talked from now until the end of next week and given other examples of the hampering effects of OPA regulations. Nevertheless the gentleman announces his support of this proposed legislation. He admits that it is legislation of an unwise type when used to govern us in peacetime, but he believes that it is advisable to continue it for an additional period. We all respect his opinion. Some of us do not agree with it. He will, of course, accord to those of us who disagree the same sincerity which we give to him.

Perhaps the difference of opinion as to the advisability of this legislation grows out of the fact that some of us, now that the fighting is over, believe that the sooner we return to peacetime practices, the sooner we submit to and overcome the inevitable grief and loss which comes with every transition from war to

peace, the less will be our suffering, the quicker our relief.

Ever since I came here in 1935, our country, we have been told, has been suffering from an impending crisis, from an ever-present emergency. By the creation of emergencies the New Dealers have continued themselves in power. There is no real opposition party. There is a party which is in partial opposition to the New Deal fallacies. It contents itself with proposing amendments, with motions to recommit, and then on final passage voting for New Deal legislation.

Those who follow that course are doing so of their own volition. That is their privilege. There is no reason to criticize them nor is there reason to criticize those of us who think that emergencies will never be ended by the enactment of so-called emergency legislation. That type of legislation creates another emergency, it consists of two always-present elements: The creation of a new agency, of a new commission, the appointment of additional Federal employees and the appropriation of millions or billions of dollars—all of which must be borrowed. That type of legislation is the antithesis of the principles of the platform promising a reduction in Federal employees, in Federal bureaus, an end to deficit spending, a reduction in Federal expenditures, upon which Mr. Roosevelt won his first election.

The rank and file of the Republican Party has convictions. It has principles. It has courage, but some of us believe that too long we have followed along in the footsteps of the New Deal leaders; that a "me to" party, a "me to" candidate, "me to" legislation, will never win a national election. True, a sudden and complete repeal of the New Deal legislation would subject the country to a violent shock but it would be temporary, it would not be fatal and a recovery would be comparatively quick and, more important, complete.

A Republican administration based upon sound principles and applying drastic, economic remedies, which would effect a cure of our economic ills, might be a one-term administration, but it would at least give us a breathing spell and perhaps there are in this country enough voters willing to endure the discomfort, make the necessary personal sacrifices in order to bring us back to the way, the methods, which operated so successfully in the past.

Time does not permit further remarks along this line.

Permit me to give you an illustration of a complaint made to me yesterday. A manufacturer of berry containers, called me at 10:20 asking me to appear in the OPA office at 10:30 to assist him in getting a price adjustment. Arriving, the gentleman in charge, a Mr. Smith, advised that he was not familiar with the method of fixing prices on fruit packages, in this instance, crates, and that a Mr. Rogers who had the matter in charge had been called away. Present were: Max E. Miller, Paducah Box and Basket Co., Paducah, Ky.; Merrill Calloway, Marvil Package Co., Laurel, Del.; S. C. Lampert, 500 Board of Trade Building, Norfolk, Va.; Roy Kull, Two-States Package Co., Texarkana, Tex.; and Horace

Brown of South Haven, Mich., appearing for the Pierce-Williams Co. All of these companies manufacture either crates or cups for crates. OPA gave them a ceiling price of 77.5 cents per crate. The actual cost of the crate is 83.476 cents. This is the point—we may at the moment ignore the fact that these manufacturers cannot and will not make crates, though one of them stated that while his surplus lasted he would make crates for his regular customers, though none for others, the others would go out of business. The major hardship, however, falls upon the growers of berries and the public, for without the containers the growers just will not be able to market their fruit.

With the President calling upon us to aid in feeding the world it seems almost criminal for an Executive agency to make it impossible for berries to be placed upon the market. To create a situation where they may rot upon the ground.

The foregoing is just one of many, many instances—all having a similar result—the limiting of production, a stoppage of reconversion, a scarcity of production, which gives additional inflation.

I have little or no faith in the theory that by extending these various Government agencies for successive periods of time, we will ever see the day when they will do anything to assist in their own liquidation.

To the same point is an editorial from the Wall Street Journal of today, which I read:

FOREVER AND A DAY

It has been asserted repeatedly that when the supply of any commodity catches up with demand, the Office of Price Administration intends to lift its controls.

Crude-oil supply has caught up with demand; in fact that has been the situation for some time.

When questioned as to this situation, Mr. Chester Bowles writes that he has been informed that "OPA believes that a successful suspension program can be worked out for the oil industry within 6 months and possibly prior to June 30 this year."

Note carefully that in relation to a commodity where supply has caught up with demand, it will take perhaps 6 months and apparently not less than 3 months to suspend controls. That statement is important in light of other things that OPA is telling Congress in an effort to have its powers continued.

The story to Congress is that OPA should be extended to June 30, 1947, at which time it is hoped that the situation will be such that controls can for the most part be dropped. But now see the actual operations when it comes time to eliminate one. That operation will involve a period of months.

Does it seem to anyone that, if it takes such a considerable period to drop controls on one item, controls on many items will be dropped by June 30, 1947? No doubt Mr. Bowles and his merry men will have some explanation for this discrepancy. We also have one. It is not the same one that could be anticipated from Mr. Bowles.

There is nothing in any action of the OPA, past or present, which should persuade a reasonably skeptical person that it means to drop any controls unless it is forced to. If it cannot find one excuse for keeping them, it can find another. If its life is extended to June 30, 1947, it will be back at Congress 1 year from now with a story of why its controls must be further extended and 2 years from now it will have persuaded itself that the country will evaporate into nothingness if it is not made a permanent institution.

The whole record of this agency is to extend its power. When it is put under pressure it makes a show of dropping controls on such things as Navajo blankets and basketball suits. When the pressure is lifted it is back at the old stand where it does business in the same old way.

Mr. Bowles even indicates that the agency will keep a string on things from which controls are lifted for he writes concerning oil: "I sincerely hope that the conditions for successful decontrol, including a supply adequate to meet demand, will continue to exist after the suspension, so that it will not be necessary to reinstitute control."

Perhaps it is the intention to take this agency out of business in 15 months, as has been represented to Congress. But if that is the intention, we could find words to make it much more clear than does the language of Mr. Bowles about resuming controls.

The way to stop price control is to stop.

Mr. SABATH. Mr. Speaker, I yield 5 minutes to the gentleman from California [Mr. HOLIFIELD].

Mr. HOLIFIELD. Mr. Speaker, I have studied this particular bill quite a bit because I have been deeply interested in certain phases of it which have to do with the control and allocation of material. I think the gentleman from Michigan makes the mistake that so many make in thinking that the OPA is included in the War Powers Act. As a matter of fact, we all know that it is the result of basic legislation which established it, the extension of which we shall shortly vote upon. The point of control which does pertain to the OPA in this bill is the function of the CPA, the Civilian Production Administration, which is the successor to the War Production Board. That does, of course, stem from the Second War Powers Act authority.

I wish to compliment the committee in almost unanimously, I understand, advocating the extension of certain of these powers. As we know, originally there were 15, and 7 are extended in this bill.

Particularly I want to speak of title III, which is the priorities provision. Referring to the gentleman's problem with respect to berry crates, the scarcity of certain materials is a problem that affects many different industries. Unless the right to allocate by priorities, certain bottleneck commodities and bottleneck machinery, we are going to have a terrible time in reconversion. The CPA has solved many of these problems. I have in mind a small manufacturer who was making farm wagons. He could not get the particular steel to make the rims that went on the wheels. Through priority allocations the CPA was enabled to direct to that particular small manufacturer these steel rims, and the wagons were completed and released to the farmers who needed them.

Another very important function along this line is that through the right to allocate certain machinery, machines such as shoe-repair machinery and printing presses and other types of machinery have been directed to the returning veteran in order that he might be able to reestablish himself in business. Without this right of priority allocation he would find himself competing in a short market where it would be impossible for him to get that particular machine; so that is one of the

great good things that is contained within the temporary extension of certain of these priority allocation powers.

Another thing that I think is very important is the right to suspend certain navigation laws which enable ships to sail without complying with previous naval regulations which, if they were to be enforced, would hinder bringing our veterans home. A very simple illustration of this is the right to sail with life rafts in place of lifeboats. This enables the use of many ships which would otherwise not be used.

Another important thing involved in this bill is the right of the Treasury Department to purchase war bonds up to the extent of \$5,000,000,000. This enables them to have the power to stabilize the bond market. The direct purchase of these bonds also saves the commission which is ordinarily paid to some in-between commission house in the sale of these bonds, thereby saving to the Nation a large amount of money and making available at all times the money necessary to conduct the fiscal affairs of the Government between the peak times of collecting the income tax and the peak expenditures.

May I say also that I should like to see these various controls removed as soon as possible.

One point which is creating a good deal of confusion throughout the land in connection with the manufacture of many articles is the maximum average price regulation the OPA is enforcing. I appeared last spring before the committee ably headed by the gentleman from Virginia [Mr. SMITH], and protested against the imposition of the maximum average price regulations on manufacturers. I protested at that time because the imposition of these regulations did not go back to the mill base. I realized that it was impossible for the manufacturers to comply with the maximum average price regulation if the mill base was not also controlled. My prediction that MAP was unsound has been justified. Manufacturers find themselves unable to comply with this regulation because they can not obtain the low priced cloth necessary to make low and medium price clothing.

Mr. MICHENER. Mr. Speaker, I yield 5 minutes to the gentleman from Nebraska [Mr. MILLER].

Mr. MILLER of Nebraska. Mr. Speaker, this rule deals with the extension of the Second War Powers Act of 1942. The act was conceived, born, and dedicated to an emergency brought on by the war. The committee is suggesting that this act be extended for 9 months from June 30, 1946.

It is quite possible, Mr. Speaker, that there are certain sections under this act which deal with the bringing home of the war veterans that need to be extended. That could be done by a simple resolution by the Congress. The section to which I object the most is the section which deals with priorities, allocations, from which springs all manner of interpretations. It proposes to deal with scarce items. In my opinion, the reason we have scarce items has been due directly to the priority and allocation orders. They are so interlocked with the OPA and other directives that business

and industry have been thoroughly confused and discouraged. Under the War Powers Act, Government has been dealing with priorities and allocations since 1942. I submit, Mr. Speaker, that when they issued the allocations relative to meat, including priorities to slaughtering houses, subsidies, roll-backs, and quotas, meat practically disappeared from the legitimate market. It is the opinion of many thinking businessmen that the priority and allocations orders now in effect have closed not only the cotton mills but their looms as well, and this has caused the disappearance from the market of shirts, shorts, working clothes, and many, many other items needed by the hungry public. In their place we find a cheap, shoddy material, for which the public must pay a big price. The priority orders on lumber has caused many sawmills to close down. It has forced lumber into the black market. It is not helping the construction of houses. The orders issued to the dairy industry for the allocation of milk, cream, and butter has just about caused the disappearance of butter from the legitimate market. I submit, Mr. Speaker, that the references just referred to ought to be sufficient evidence that the powers granted under this act have been misused.

Those powers, only, that need to be extended, should be examined on their own merits and those who want them continued should justify their continuance. In my humble opinion, we will never be able to dismantle this sprawling bureaucracy, if we continue the War Powers Act. Under it, bureaucracy runs wild, and tramples on the freedom of the people. It is a mockery to our constitution.

We have nearly 3,000,000 on the Federal pay roll today. Before the war, there was less than 1,000,000. To continue the emergency forever, means that we accept bureaucracy, yes, militarism, the very thing which our boys fought, bled, and died to stamp out all over the world.

After the last World War, it took nearly 3 years, yes, and a Republican administration to declare that the war was at an end. There are, today, some 229 laws and directives tied to the ending of the war. The most important, is the one under which we took our boys into the Army. These boys went to fight for their country with the understanding that they would be in for the duration, plus 6 months. Now, this administration, proposes, by a legal trick, to continue these men in the Army.

It is so easy to continue controls indefinitely—when one shortage is whipped, one bottleneck broken, another crops up some place. This administration, from the beginning, has created one emergency after another, and under this act, will continue to ask for authority, which Congress, under the Constitution, should not grant to the Chief Executive. Under this act, Government coddles the people. Business must look to Government for priorities. These rigid wartime controls, kill free enterprise and free competition. I believe the restraints, allocations, and priorities, which were needed in wartime, will serve

as a shackle when their removal is neglected in peacetime.

Mr. Speaker, the chairman of this Judiciary Committee, that fine southern Democrat, the gentleman from Texas [Mr. SUMNERS], who I understand is about to leave this august body, said, just the other day:

Federal Government has served as an instrumentality of favoritism, tyranny, oppression, and corruption. They have ignored sound principles and accepted theories of men, and political expedients for our guidance, which has made vassals of our State and our people.

I wonder, Mr. Speaker, if these conditions to which he refers are not caused by unneeded wartime controls.

Mr. Speaker, there is a growing philosophy in this land, that the Chief Executive should set the policies of government. That philosophy is absolutely contrary to the basic principles of our Constitution. Our Government is based on the philosophy that Congress, the elected representatives of the people, shall determine the policies and the Chief Executive shall carry them out. In my humble opinion, there are people in Washington, who would like to make America over with these economic panaceas under the guise of war.

Mr. Speaker, it is my opinion, that if we long continue unneeded war powers, we will hinder reconversion. I want to see the shackles taken off of business so that we can produce and get back to our American way of life.

The SPEAKER. The time of the gentleman from Nebraska [Mr. MILLER], has expired.

(Mr. MILLER of Nebraska asked and was given permission to revise and extend his remarks.)

Mr. MICHENER. Mr. Speaker, I yield 2 minutes to the gentleman from Minnesota [Mr. PITTINGER].

Mr. PITTINGER. Mr. Speaker, I expect to vote against the extension of these war powers. The war has been over for several months. The administration has not yet issued a proclamation that the war is ended. Technically, we are still at war. Technically, before this Congress at this moment is a bill that says we are still at war. The sooner we get rid of these war-power controls and give the American people a chance to live under conditions that existed before the war came, just that much sooner will we get back to the normal conditions of our industrial, economic, and every other phase of American life.

I expect to vote against this bill.

The other day we passed a bill that had some feature of wartime controls in it. It was a bad feature of that bill. This country has been going from bad to worse ever since VJ-day. You will never find a department, you will never find an administrative official, you will never find a bureaucrat down town, you will never find an agency of this Government that will ever be willing to surrender or give up any of the wartime emergency powers until this Congress takes them away from them.

Mr. Speaker, the history of wartime and emergency powers shows that no branch of the Government and no Government agency ever wants to surrender

those powers. They like to hold on to them. If the powers are abolished, the agency folds up and disappears. That sort of a procedure is not conducive to first-class bureaucracy. Bureaucracy believes in running everything and in increasing rather than decreasing its activities, its expenditures, its regulations, its controls, and naturally the number of employees, and so forth.

I wish someone would tell us why, after VJ-day last August, over 6 months ago, there has been absolutely nothing done by this administration to get the country back on a peacetime basis. We go from one emergency and one crisis right into another. There is always a shortage and a scarcity of something, and instead of the American people getting back to conditions where they can lead a normal life, the complexities and restrictions multiply so as to make everything abnormal. We are told that people must be watched and governed to death because there is a scarcity of goods and materials. Naturally the question comes up, Why this scarcity? The answer is that OPA over a long period of time has maintained price ceilings which would prevent the producer from raising the products of the farm or from making manufactured articles because they would have to operate at a loss. So there has been a constant shortage of almost everything. This gives the bureaucrats an excuse for saying that they must be kept in office.

Of course, if the law of supply and demand were permitted to operate, people would produce goods and that would mean that they would compete with each other to see how cheaply they could produce their goods. In no time at all there would be an abundance of food and an abundance of manufactured articles and the prices would be regulated and go down accordingly. As long as these New Dealers and brain trusters interfere with the economic process, just so long will this artificiality create scarcity, and the American people are going to suffer from it. All of this is bad enough, but when people quit raising products of the farm and quit manufacturing articles they quit employing labor, and all of these artificial Government controls work to that end—namely, halt and stop the productive processes.

So when we have these long lines of unemployed people, and they are surely coming under the present Government program, do not forget that OPA and these other wartime agencies are the ones that are responsible for the situation. The quicker we get rid of these restrictions and agencies, just that much quicker will the country start to get on a sane and sound basis.

The SPEAKER. The time of the gentleman from Minnesota has expired.

(Mr. PITTINGER asked and was given permission to revise and extend his remarks.)

Mr. MICHENER. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania [Mr. RICH].

Mr. RICH. Mr. Speaker, certainly it seems to me that since VJ-day the war has been at an end and that there is no reason under the sun why these war powers should be continued. Just as was said by the last two speakers, the

only effect is to continue the bureaucrats, continue the extraordinary powers under the War Powers Act to various agents of the Government.

The President has asked for \$35,000,000,000 to run this country during the next year. This shows he certainly must have wanted to continue a lot of these things whose only contribution to government is to increase its cost to the American taxpayers. We are going to be unable to balance the budget, making outgo fit income, under such procedures. We are going to find out that a continuation of the War Powers Act will be detrimental to reconversion. It seems to me Congress should refuse to continue these powers.

They say the act is continued for only 9 months, but 9 months from now you are going to be worse off than you are at present.

If you want to get reconversion started in this country, if you want to get us back to anything approaching normal conditions, the quicker you eliminate this law the quicker you will return to those desired conditions.

The SPEAKER. The time of the gentleman from Pennsylvania has expired.

Mr. MICHENER. Mr. Speaker, I yield myself 2 minutes.

The SPEAKER. The gentleman from Michigan is recognized.

Mr. MICHENER. Mr. Speaker, as indicated by the arguments of the last three speakers, there are two distinct schools of thought in the House at the present time as to the repealing of all war powers. The first is composed of those who believe it would be detrimental to wipe out all controls and go back to peacetime economy forthwith, without adequate adjustment; the second is composed of Members like the last three speakers, who would at one stroke of the pen wipe out price control, rationing, priorities, and all regulation, and let the country shift for itself and the devil take the hindmost. There is a difference between what we would like and the conditions confronting us.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. MICHENER. I am sorry I cannot yield now.

Mr. RICH. The OPA is not included in this bill.

Mr. MICHENER. The gentleman does not appreciate that there is something in this bill that does affect OPA, the allocation of housing material for returning veterans.

My thought is that we should approach these matters sanely, realistically, and quietly. If we are opposed to all regulation, if we believe the Congress should pass a law, if possible instantaneously, to remove all of these controls, then that is our privilege, and that is the way we should vote. I do not however happen to belong to that school of thought and I am sincere. I believe we must get rid of these things just as soon as we can, in keeping with the safety and the economy of the country. That is the way I am going to vote, because I believe the passage of this bill leads in that direction. Nonessential powers are not continued in this proposal. Understand that. I do

not criticize any other Member for his views. No one can speak with finality.

Mr. MILLER of Nebraska. Mr. Speaker, will the gentleman yield?

Mr. MICHENER. I yield.

Mr. MILLER of Nebraska. The only argument I have heard in favor of continuation of the War Powers Act was made by the gentleman from Tennessee, who said it was needed primarily to further allocate and distribute already scarce materials. That is the only argument I have heard made for it here on the floor.

Mr. MICHENER. The gentleman has heard only a part of the argument on the rule. I wonder if he has read the testimony? When the bill is debated, full explanation will be made. The gentleman can inquire and offer any desired amendments.

Mr. MILLER of Nebraska. I am quoting the gentleman from Tennessee.

Mr. MICHENER. There are more reasons than those advanced by that one speaker in a speech limited to 5 minutes.

Mr. MILLER of Nebraska. Point out the other arguments in favor of it.

Mr. MICHENER. Plenty of reasons will be given, and after that I have faith that the bill will pass by a large majority. If my friend is not convinced, he should vote against the bill. I am sure I agree with him as to what should be done in the end; it is just a question of when.

The SPEAKER. The time of the gentleman from Michigan has expired.

Mr. SABATH. Mr. Speaker, I yield myself 2 minutes, and wish first to congratulate the gentleman from Michigan [Mr. MICHENER], who always gives the House sane and fatherly advice, and the gentleman from Tennessee [Mr. JENNINGS], both of whom, as members of the Committee on the Judiciary, devoted much time and work to this bill to extend and amend the Second War Powers Act, and contributed to the unanimous agreement of the committee to report it.

Mr. Speaker, in the light of present world conditions, this legislation is absolutely necessary. I believe that even the three Republican gentlemen who last spoke in criticism of the bill would agree that its passage is essential to orderly reconversion to peacetime pursuits. It is easy to criticize a bill; anyone can find fault with anything, for few, if any things are perfect. I would not maintain even that OPA is perfect; but I do know that 95 percent of the American people want us to continue the existence of that great arm of Government in the fight against disastrous inflation.

I know there are some manufacturers, some middlemen, some retailers, who are not content with the profits they have made during the war years. They want higher prices; they would like to see the price ceilings torn away; or, failing that, they would like the act weakened so they can pierce the ceilings or raise them. They are raising Halifax, and crying out against continuation of any controls.

An overwhelming majority of the American people, however, know that its passage is essential to establish the rules under which we are going to change over to a world of peace. It is absolutely necessary, of course, that the priorities

powers be extended to enable the Government to save millions of starving people and to make sure of fair and equitable distribution of building materials so that American citizens can have homes to live in. Castles in Spain may seem very romantic in day dreams, but cottages in a village lane or city street are more essential.

Mr. EREHM. Mr. Speaker, will the gentleman yield? My question or argument is, will the gentleman state other reasons for the extension than the one given by the gentleman from Tennessee?

Mr. SABATH. If Members will read the report of the Judiciary Committee, which embodies the findings of the subcommittee which considered the bill for many weeks, they will find it contains cogent reasons, simply stated, for the passage of the bill. Every homeless couple in America, seeking a place to call home, however humble, and every hungry child in desolated Europe, are compelling and irresistible reasons, infinitely more compelling than tomes of law or the self-serving importunities of the lobbies for special service. The 5,000,000 families of America without adequate shelter should be all the reasons we need to pass this bill.

INVESTIGATION OF LOBBIES

Mr. Speaker, I desire in that connection to speak briefly again of the resolution I have introduced providing for an investigation of the lobbies which infest the Nation's Capital City, seeking to influence the consideration of legislation, pro or con, or to exact special favors from Government departments. You have heard my colleague the gentleman from Virginia, Judge SMITH, call attention to the need of effective legislation to curb the evils of lobbying. I will not take up my time and the time of the House to explain in detail the resolution or the reasons for its introduction; but the gentleman from Virginia has told you of what happened 10 years ago. Never before was there a situation as bad. There were at least a hundred lobbies actively working here in Washington then, all representing powerful interests with unlimited finances.

In the fight against the Holding Company Act one private power lobby spent \$2,000,000.

I want Members to realize one thing, if they do not already know it, that places Congress itself, and the Members of Congress, in a wholly unwarranted and unjustified bad light. Do you realize that these high-powered, high-pressure lobbyists, regardless of the facts in the case, claim to be able to control the votes of Members, or of whole committees? They persuade the corporations who are their credulous clients that they "have you in their pockets"; that they can "deliver" from one to a hundred members. They draw good money from their gullible clients; one of the histories of lobbying tells of a young lawyer who made \$60,000 a year for exertions no greater than writing letters to his clients claiming credit for passage of every act they favored.

I hope and I believe that these boastful lobbyists cannot "deliver" a single vote of a Member of Congress; but they do, by

sheer weight of numbers and words, wield some influence and cause some trouble. They certainly cause a great deal of annoyance with their calls; and unfortunately the country at large gets the impression that these lobbyists can get anything they want in Washington.

Mr. Speaker, we ought to know who these men are, whom they represent, who pays the bills for their expensive hotel suites and their parties and their gifts. We ought to know why they are here, what they do. It may well be that we can not only show that some are definitely dangerous but we can also show, perhaps, that they do not earn what it costs to keep them, and so the companies that hire them can put them to useful work and stop asking for higher prices. We need to know all about the lobbies. Such an investigation would be a wholesome thing; and I believe my resolution will serve the purpose. For the information of the House, I insert the text of my resolution—House Resolution 557—at this point:

Resolved, That there is hereby created a special committee of five Members of the House of Representatives, to be appointed by the Speaker of the House of Representatives, one of whom shall be designated by the Speaker as chairman.

It shall be the duty of the committee to make a full, complete, and impartial investigation of all groups, associations, committees, organizations, or combinations thereof, who have sought or are seeking, by use of any means, and directly or indirectly, to influence the consideration of legislation in the Congress of the United States; or any matter, deemed by the committee to be of public interest and relevant to the main purpose of the investigation.

Subjects of the investigation shall include, but shall not be limited to, any or all groups which have or are engaged in the present propaganda campaign or lobby to defeat legislative measures for the relief of the acute housing shortage; any or all groups which have or are engaged in the disruptive propaganda campaign or lobby to abolish or weaken price control; all groups which have or are engaged in the power lobby; any or all groups which have or are engaged in similar propaganda campaigns or lobbies intended to influence legislative consideration by the Congress.

It shall be the duty and within the powers of the committee to examine the nature, financial resources, receipts and expenditures, names of contributors and amounts contributed, publications, activities, motives, nature of expenditures, membership lists, techniques, methods, means used, and objectives sought of all organizations under investigation; and to make any examination or determination found by a majority of the committee to be relevant to the inquiry.

The committee may make such interim reports as it deems advisable, and shall make its final report to the House of Representatives on January 3, 1947, and shall make such remedial recommendations as a majority approves. In the course of the investigation the committee shall bear in mind the constitutional and statutory guaranties of the privileges, rights, and immunities of citizens of the United States to hold and express opinions and to petition the Government. The committee shall adopt rules of conduct governing the actions of its members and employees, and no investigation shall be made nor hearing held without due notice having been given all members and without approval of a majority of members of the committee.

The committee, or any authorized subcommittee thereof, may sit and act at such times

and places, whether or not the House is sitting, has recessed, or has adjourned; require the presence of such witnesses and the production of such books, records, papers, accounts, and documents; and take such testimony, by subpoena or otherwise, as it deems necessary.

For the purposes of this resolution the committee is authorized to employ such clerical, expert, or legal assistants and to make such expenditures as it deems advisable, and to fix the compensation for its employees on a basis in conformity with the Classification Act of 1924. The cost of stenographic services for reporting hearings shall not exceed 25 cents per hundred words. Expenses of the committee shall be paid from the contingent fund of the House of Representatives upon vouchers approved by the chairman of the committee and by the Committee on Accounts. The committee may authorize any one or more persons to conduct any part of the investigation or hold public hearings or to issue subpoenas. All hearings shall be public, and all reports, documents, and records shall be public records. The committee is further authorized to utilize the services, information facilities, and personnel of the departments and agencies of the Government. Every person who, having been summoned as a witness by the committee, or an authorized subcommittee or agent thereof, willfully makes default, or who having appeared refuse to answer any question pertinent to the investigation heretofore authorized, shall be held to the penalties prescribed by law.

In conclusion, Mr. Speaker, I wish to thank the gentleman from Virginia [Mr. SMITH] with whom I do not always agree, for calling attention to the urgent need for this resolution, and to express my appreciation to those Members who have indicated to me they favor such action.

Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

(Mr. HOFFMAN asked and was given permission to include a newspaper article in the remarks he expects to make in the Committee of the Whole today.)

(Mr. SABATH asked and was given permission to revise and extend his remarks.)

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

Mr. HOBBS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 5716) to amend the Second War Powers Act, 1942, as amended.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 5716, with Mr. ROBINSON of Utah in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. HOBBS. Mr. Chairman, I yield myself 13 minutes.

Mr. Chairman, we bring before you at this time H. R. 5716, the report of which is unanimous, which would extend for a period of 9 months, from June 30, 1946, 7 titles of the original 15 titles of the Second War Powers Act. The seventh is split as to the length of extension. It is the allocations and priorities power under title III. That part which gives

the President the power to allocate materials for housing and necessary building construction which are in such short supply, is extended for 12 months. All the rest of title III and the other six titles are extended for 9 months. They are as follows:

TITLE I—EMERGENCY POWERS OF THE INTER-STATE COMMERCE COMMISSION OVER MOTOR AND WATER CARRIERS

Under this title the War Shipping Administration operates certain coastwise lines which should be maintained until the return of vessels to their former owners can be accomplished so as to restore normal peacetime traffic. In addition the Army and Navy are authorized under this title to operate certain bus lines serving camps and emergency facilities where otherwise no such transportation would be available. Pending further demobilization of the armed services and return of vessels to their owners the authority of this title appears necessary.

Title II is the extension of the Army and Navy power to dispose of surplus war-bought real-estate holdings. Their powers of acquisition of real estate were allowed to lapse in accordance with the provision of Public Law 270, Seventy-ninth Congress.

Title III is the priorities and allocations power which has been discussed.

Title IV confers upon the Federal Reserve bank the right to save one-sixteenth of 1 percent commission on the purchase in the open market of bonds which, without this power we would, as a government, have to buy in the open market. This power is very wisely used, and we have asked the Committee on Banking and Currency to consider making this power permanent, because we believe it has been very helpful.

TITLE V—WAIVER OF NAVIGATION AND INSPECTION LAWS

Under this title certain of the manning and equipment restrictions placed on the operation of American vessels are waived. This is absolutely essential if transportation is to be made available to bring back our troops from overseas. As an example, over 200 Liberty ships are now carrying from 784 to 1,943 persons per trip, but without the authority of title V the maximum of 68 persons, including the crew of 56, could be transported. Should this title lapse, return of overseas personnel would be most seriously delayed.

TITLE VII—POLITICAL ACTIVITY

This title exempts from the provisions of the Hatch Act part-time employees who serve without compensation or with only nominal compensation. It affects primarily members of local price and rationing boards and selective service boards. The OPA and the Selective Service System make every effort to assure themselves that members of these boards do not presume upon this exemption, but so long as personnel of these boards continue to donate their services to the United States it appears appropriate to continue it in force.

Title XI was an Army power. It has served its purpose and is no longer necessary, so we are eliminating that title

at its expiration date, June 30 of this year.

TITLE XIV—UTILIZATION OF VITAL WAR INFORMATION

This title makes possible the collection and dissemination of various statistical data within the Government. On the basis of this information the conversion from peace to war was accomplished and the availability of this information appears equally necessary for planning reconversion from war to peace. The title should, therefore, be extended to aid in the administration of the powers conferred by title III. The committee respectfully recommends that the appropriate legislative committees should give study to permanent legislation of this character.

Mr. VORYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. HOBBS. I am glad to yield to the gentleman from Ohio.

Mr. VORYS of Ohio. I note that in title XIV section 1401 is retained, which gives the Secretary of Commerce power to get any statistical information from anyone under pain of a 60-day imprisonment and a \$500 fine. Section 1402 permits the interchange of information to which the gentleman has referred. I wonder if there is any place in the hearings where any necessity for the retention of section 1401 until next spring is described.

Mr. HOBBS. While I was present at every session of the committee and heard all the testimony, I am not prepared to answer that categorically. I will get the answer for the gentleman and will be glad to give it to him.

Mr. HANCOCK. Mr. Chairman, will the gentleman yield?

Mr. HOBBS. I am always delighted to yield to the gentleman from New York.

Mr. HANCOCK. It was either in this year's hearings or last year's, but the Administrator of CPA as well as the head of the Office of War Mobilization and Reconversion stated that it was absolutely necessary to have the statistical information in the hands of the Bureau of the Census before they could make allocations.

Mr. HOBBS. Thank you, sir. The question of the gentleman from Ohio was a little different from that. I will get the information for him.

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. HOBBS. I gladly yield to the gentleman from Texas.

Mr. POAGE. Will the gentleman explain, simply that we may have it absolutely clear, about sections 1 and 2? It seems to me that we can follow the others from reading the report, but from a reading of section 1 it is impossible to tell just what it relates. It simply refers to certain sections of other laws. As I understand, the gentleman tells us that it relates only to those bus lines and truck lines that are transporting troops or property to and from military reservations, and does not apply to the general common carrier truck lines of the United States.

Mr. HOBBS. That is exactly right, sir.

Mr. POAGE. I just wanted to get that absolutely clear in the RECORD.

As to section 2, which relates to the acquisition and disposition of property, I informally understood from one of the members of the committee that we no longer are continuing the provision that related to the acquisition of property, and I hope we are not.

Mr. HOBBS. That is right, sir.

Mr. POAGE. Just how, physically, do you take that out of section 2? Section 2 relates to the method of acquiring property and occupying property without any payment, as we did during the war. Section 2 was not repealed, as I understand. How do you take it out of the acquisition provision?

Mr. HOBBS. We did it in the last extension of this act. We said that the acquisition power was dead but that the disposition power would still continue.

Mr. CASE of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. HOBBS. I am happy to yield to the gentleman from South Dakota.

Mr. CASE of South Dakota. May I ask the gentleman whether the committee gave any consideration to a shorter extension? For example, it seems to me a natural extension might have been to the end of the calendar year, December 31.

Mr. HOBBS. I may say to the gentleman that we did so at length, and probably for at least 24 hours.

We all agree with the statement that has been made by the gentleman from Michigan [Mr. MICHENER] and other members of the committee, and with the testimony of Commodore Small, of the CPA, that powers of this kind breed powers; that allocations breed allocations; that priorities breed priorities, and we wished to cut down as many as possible and grant the extension of those which seemed necessary to extend for as short a period as possible. The subcommittee and the full committee went over that whole situation, and it was the unanimous agreement that this bill called for as short a period of extension as was feasible under the circumstances. We gave careful study to December as a time to end the proposed extension.

Mr. CASE of South Dakota. It occurs to me that the committee thought that the priority section needed 3 months longer than the other powers. Of course, that could have been accomplished if you had made a general extension to December 31 and the priorities extension to March 31.

Mr. HOBBS. The reason for that is made perfectly clear by a committee amendment, which will be offered by the gentleman from New York [Mr. HANCOCK], which limits that extension of 12 months simply to the housing and building program. But may I say that an extension to December 31 would put any further extension of any power so extended, beyond the power of Congress to again renew its lease on life, no matter how desperately need might demand, since on Congress would be in session on December 31.

Now, I must conclude.

To many of us the overwhelming reason that the passage of this bill is so tremendously urgent is the threat of starvation overseas. It was apparent and was mentioned in our report of a similar bill last November, but it has now become almost a reality. Dare we deny our President the power of allocating food for a starving world? Unless we do everything within our united power 130,000,000 people will die from starvation.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. HANCOCK. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, a number of questions have been asked as to why it is necessary to extend these war powers. The simplest way to answer those questions is to read briefly from the testimony of Hon. John W. Snyder, Director of War Mobilization and Reconversion, and Commodore John D. Small, Director of Civilian Production Administration.

Mr. Snyder said:

If there is not an early extension of the Second War Powers Act, we can soon expect a disorderly scramble for materials on the part of producers, and for finished goods on the part of dealers. Hoarding would be inevitable. But an even worse situation would doubtless develop. In the scramble for goods, many would be left behind in the rush. A tendency to delay production and distribution would follow. Price pressures would increase. And let me repeat the warning of our President, any such tendency would seriously hamper reconversion, and would add a new and dangerous inflationary factor to the many already existing.

Then, again, he calls attention to the specific need for the exercise of allocation and priority powers. He says:

There are the needs for controls in the use of building materials, and controls to assure an adequate supply of low-cost clothing. In addition, the need for controlling and allocating such scarce materials as rubber, lead, zinc, and leather are well known to all of us.

Then he calls attention to the fact that without priorities it is impossible to break bottlenecks in the reconversion process. He quotes an old maxim that "For want of a nail the battle was lost." Let me give you a few other examples. For want of linings, tire production is reduced. Priority powers are necessary if we are to be able to meet our foreign commitments, including food and other relief needed throughout the world.

Mr. HARNESS of Indiana. Mr. Chairman, will the gentleman yield?

Mr. HANCOCK. I yield.

Mr. HARNESS of Indiana. I wonder if he was referring to commitments on lend-lease when he referred to our foreign commitments?

Mr. HANCOCK. I understand we have no lend-lease commitments. At any rate, none since the shooting stopped.

Mr. HARNESS of Indiana. We have not? Just the other day we had a bill before us which showed we still had commitments to send Russia some \$480,000,000 worth of materials such as ordnance and airplanes.

Mr. HANCOCK. We are getting no new ones. If we made commitments we ought to make good.

Mr. HARNESS of Indiana. The gentleman means we should continue

to manufacture them under these allocations and continue this power in CPA in order to allocate materials to build airplanes, ordnance, and tanks to send to Russia because we committed ourselves during wartime? The war is over.

Mr. HANCOCK. I do not understand that we are sending those things to Russia. I will not dispute the gentleman's word if he knows to the contrary.

And Mr. Small said:

We are channeling enough materials into overalls, work clothing, and work shirts, I believe to adequately take care of the needs of the country, and we are doing it at the expense of many other things. We are giving it to only a few things. We are giving help only to work clothing and work shirts, under \$2.50 and shorts under a price break out-off, and women's dresses under \$5.98. In other words, those are the things that our people of low income must have, and we are not giving that kind of help to anything else.

Those are just a few excerpts from the record.

Mr. JENSEN. Mr. Chairman, will the gentleman yield?

Mr. HANCOCK. I yield.

Mr. JENSEN. The gentleman mentioned the fact that they were supplying overalls. I just want the gentleman to know that I have many letters from people out in my district to the effect that they are not getting overalls and that they have patched the old ones so much that they are not fit to use any more. I just cannot go along with the statement that they are making overalls available, because they are not making overalls available in anywhere near sufficient quantity to take care of the needs.

Mr. HANCOCK. There is a shortage of overalls, cheap shirts, and cheap clothing. It is part of the program of CPA to channel enough cotton into the manufacture of those goods so the shortage will be taken care of. That is the program and it is under way. Without allocations it will be impossible to carry it out.

Mr. GRANT of Indiana. Mr. Chairman, will the gentleman yield?

Mr. HANCOCK. I yield.

Mr. GRANT of Indiana. I am not at all convinced as to the necessity for the continuance of the Second War Powers Act, but I am anxious to hear the argument of the gentleman from New York, because I have great respect for his legal ability and his judgment.

We are still living under a limited national emergency proclaimed, I believe, in May of 1940, and under an unlimited national emergency which was proclaimed in September of 1941. We are still living under an official continuance of war.

Last October I introduced a resolution to terminate those two emergencies and the war; and I should like to have the gentleman, a member of the Committee of the Judiciary, tell the House what we are to expect by way of terminating these emergencies and this war.

Last October I placed in the RECORD a compilation of some 230 different Federal statutes that were then on the books that depended for their continued existence on those two emergencies or on the war, or the duration plus 6

months, or some combination of the two, and I am wondering when we are going to be freed from this multitude of directives that depend for their existence on these emergencies and on the war.

Mr. HANCOCK. I cannot give the date when the war will officially end, but I may say to the gentleman that a study is being made of the various bills and directives that depend upon the emergencies and the continuance of the war for their validity. There are over 400 of them. Should the war be declared to be ended suddenly or immediately, there would be a great deal of confusion, a great deal of dislocation, and a great deal of hardship. I believe there are 12 different attorneys who are studying the legislation that is involved. We expect to have a digest of their work soon so we can analyze the facts and decide on the date to declare the war terminated.

Let me say further it is our intention to eliminate war controls gradually, sensibly, safely, and cautiously.

Mr. GRANT of Indiana. And I hope as rapidly as possible. If the gentleman will yield further, I am glad to hear that the Committee on the Judiciary is making this study. I hope they will report a bill to end these controls as speedily as may safely be done for the benefit it will bring to the reconversion effort.

What I object to is continuance of the emergencies and of the war as an overall blanket catch-all to continue all of the controls, those unneeded as well as those that might be justified.

Mr. HANCOCK. The members of the Judiciary Committee share the gentleman's sentiments, I may say to him, but we wish to avoid disaster. When the Second War Powers Act was passed early in 1942 it was made effective until December 31, 1944. We were too optimistic. We found it necessary to extend it until December 31, 1945, and again until June 3, 1946. The question now is, Shall we extend it further and for how long?

Originally there were 15 titles in the act. These have been whittled down to seven. The only title that is really controversial before us today is title III, under which the President issues priority and allocation orders. All people, especially Americans, are impatient of restraints and restrictions on their individual freedom of action and we do not tolerate them unless we are persuaded that they are necessary.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. HANCOCK. Mr. Chairman, I yield myself five additional minutes.

Mr. Chairman, many people, including a number of the Members present, would like to abolish all controls, both priority controls and price controls, immediately, but in the considered judgment of our committee and many others who share the responsibility of deciding the issue, it was thought that the sudden cessation of controls would bring disaster. It would throw business into a tailspin. We have been leading an abnormal economic life for 5 years and we must readjust our dislocated economy gradually and with caution. We all wish to accomplish that purpose at the earliest

possible date and I can assure you that your Committee on the Judiciary realizes the magnitude of that problem and is giving it close and thorough study.

Mr. Chairman, unlike some of the other committees of the House, the Judiciary Committee as a rule composes its differences before the legislation it handles reaches the floor. This bill is no exception. The 27 members of that committee are solidly behind this bill. We feel it is essential. We do not like it any better than you do, but we feel it is our duty to report this bill and to urge its passage.

Mr. VORYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. HANCOCK. I yield to the gentleman from Ohio.

Mr. VORYS of Ohio. Can the gentleman explain the necessity for continuing naval procurement without advertising or competitive bidding, and also the necessity for continuing section 1401 of title XIV, which gives the Secretary of Commerce power to secure information from anyone on any statistical matter under pain of fine and imprisonment?

Mr. HANCOCK. The first part of the gentleman's question is addressed to the opening paragraph of title III. Personally, I do not see any reason why the particular provision he mentioned should be continued. But title XIV is highly desirable and should be continued because if we are going to have allocations and priorities, the responsible authorities must know the figures on which to base those orders. It would be stupid to say that they will have to do it blindly or by guesswork.

Mr. Chairman, some of the members of the committee felt as I do, when the bill was under consideration, that we should extend these powers for short periods only, that we should keep a tight rein on the control agencies, and before extending the powers we should require them to come to us at short intervals and demonstrate clearly the necessity for further extensions. Many of us felt that extensions should not be granted for a period in excess of 6 months; but, as the gentleman from Alabama pointed out, we are assured by our leaders that Congress will adjourn sine die some time in July and it is quite possible that some of these powers of priority and allocation will have to be extended beyond December 31. The need will become apparent, if at all, in the fall. If we extend them until December 31 only, and it becomes imperative to further extend the powers, it would be necessary to call a special session to consider the legislation.

Others on the committee would like to extend these powers from year to year. We reached a compromise and decided on March 31, 1947, an extension of 9 months. There is one exception, and that is the part of title III that deals with priorities and allocations.

A committee amendment will be offered to continue the authority of the President only with reference to the allocation of building materials until June 30, 1947. We do that because the House has already given the Expediter of Housing that same authority until June 30, 1947.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. HANCOCK. Mr. Chairman, I yield myself two additional minutes.

We think it is rather incongruous to give the Expediter greater power than the President of the United States. As I said, a committee amendment will be offered to correct a mistake which was made by the draftsman of the bill. The bill as introduced does not represent the full views of the committee. The sentiment of the committee is unanimous that we should extend the powers of allocation and priority and other powers in title III until March 31, 1947, only, but that the President's authority as to building materials should be extended to June 30, 1947.

I do not like control of business and markets any more than you do, but I believe that during our convalescence from our 5 years sickness we must continue to take some rather bitter medicine. With considerable reluctance and with strong conviction I urge the passage of this bill.

[Mr. SUMNERS of Texas addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. ROBSION of Kentucky. Mr. Chairman, I hoped when we passed the War Powers Extension Act in December 1945 that there would be no requests for further extension of that act. But we find ourselves in a situation today where it appears to be almost mandatory. This situation is very distasteful, indeed, to me. I feel sure that, if we had had a more efficient administration of the various agencies of the Government in the administration of the laws, this would not have been necessary.

Our Judiciary Committee was most favorably impressed with the testimony of Commodore Small, who is in charge of the Civilian Production Administration, and he appears to be a very intelligent, sincere, and able administrator. He is in thorough sympathy with private enterprise. He believes that private enterprise should not be hindered or obstructed but rather encouraged. He deplored the fact that it is necessary to extend the Second War Powers Act in some respects. He emphasized that power feeds on power, and demands more power; and one emergency develops not one but two or more emergencies.

This always happens where government undertakes to carry on the activities and business of the people through centralized power. Such action hinders the productive capacity and the efficiency of the people to carry on their own affairs.

For the last 13 years we have had nothing but emergencies created by the administration through its bureaus, commissions, and other agencies. One emergency has created two or more emergencies and then the two or more emergencies have created additional emergencies. So it has gone on from time to time and there have been created and built up powerful commissions, bureaus, and other Federal agencies.

Today we are told that we are in several emergencies. I am not so much worried about this limited extension of the War Powers Act for the time set

forth in this bill. What I am worried about is that, under the bungling of the New Deal policies, we will carry over some of the present emergencies and create new ones before the expiration of the extension provided in this bill, and that the administration and these agencies will insist upon a further extension. I am thoroughly convinced that as long as this New Deal administration remains in power there will continue to be one or more emergencies, and they will continue to impose the blighting hand of an all-powerful central bureaucratic government upon the American people and their activities. That is the thing that gives me concern.

I have told my constituents and others that the only possible way to bring relief from these intolerable conditions is to elect Members of the House and Senate in 1946 and a President in 1948 who sincerely believe in constitutional government, who sincerely believe in private enterprise, and in restoring the government of the American people to them, and sincerely believe in the American way of life and who are opposed to bureaucratic control and the regimentation.

Useless officeholders must be dispensed with and unnecessary expenses must be avoided. The credit of the Government must be restored. These powers must be returned to the people.

Mr. MASON. Will the gentleman yield?

Mr. ROBSION of Kentucky. I yield to my distinguished friend from Illinois.

Mr. MASON. Only that will stop these powers because this Congress is not going to do it.

Mr. ROBSION of Kentucky. I agree with the gentleman. The American people must elect Members of the House and Senate who are opposed to operating this Government through the creation of emergencies and the grabbing of authority under the guise of emergencies.

THE SECOND WAR POWERS ACT

This act was passed by the Congress as a necessary war measure. Hostilities ceased more than 7 months ago. Our Judiciary Committee began a careful study of the continued need of these war powers. Originally there were 15 titles to this important measure. Our committee, after most careful investigation, recommended to the House of Representatives that titles V, VI, VIII, IX, X, XII, and XIII be repealed and they were repealed.

The question now arises what shall be done with titles I, II, III, IV, VII, XI, and XIV. Our committee in this bill has urged the repeal of title XI as of June 30, 1946, and has fixed the date for the termination of the powers set forth in titles I, II, III, IV, VII, and XIV on March 31, 1947. It appears from the testimony that it is necessary to retain the powers in title I, section 101 in order to expedite the return of our soldiers, sailors, and marines from overseas. But for the powers of section 101, title I the demobilization of our forces would have been delayed. It was essential that they get home as quickly as they had sufficient points and length of service. We still have perhaps two million men overseas and this provision is extended to hasten their return home, but, of course, the powers

terminate under title I on March 31, 1947. Title II, section 201, gave the Army and the Navy the right to procure the necessary lands and the personal property to promote our national defense during the war. They have ceased to acquire lands and personal property under this title, but it is now necessary to dispose of this property, and, therefore, the power in this title is extended to dispose of the property. Title III is the important section of the Second War Powers Act. It deals with priorities and allocations of property and materials. The act, as amended by this bill, extends the powers in title III in order to facilitate the production, priorities, and allotments of necessary materials and equipment in our housing program adopted by the House recently. The House adopted the housing program by a vote of 357 to 24, which undertook to give to the Expediter of the housing program authority to expedite the procurement of necessary materials and equipment, and the power to fix priorities and make allotments. Title IV, section 401, relates to the purchase by the Federal Reserve bank of Government obligations. This has proved to be very helpful and has saved the Government a handsome sum of money. There is no good reason why this authority should not be continued until March 31, 1947. Title VII relieves members of draft boards and others serving the Government without pay from the provisions of the Hatch Act. There appears to be no good reason why this should not be continued until March 31, 1947. By that time it is believed that these persons will be relieved from their free official duties. Title XI expires on June 30, 1946. Title XIV merely requires the Department of Commerce to furnish through its Census Bureau to other departments of the Government in confidence such information as may be necessary in carrying out some of the necessary governmental activities. Of course, this information must be held in confidence by the agencies of the Government receiving same. This follows the law that has been in effect for more than 80 years. We can see no harm that will come to the country by the continuance of this part of the War Powers Act until March 31, 1947.

If this bill is passed, the War Powers Act is greatly limited and cannot affect the people adversely, in my opinion, unless it is under title III, in granting priorities and allocations for materials and equipment in carrying out the very necessary housing program. It is agreed by all that there is a very great shortage in housing and that great numbers of our veterans, returning from the war, are unable to find shelter for themselves and their families. The housing program is principally put on for the benefits of the veterans, and we all agree they are now entitled to homes after having spent months and years, many of them in fox holes.

Our Nation is technically at war. My chief complaint against the administration is the failure to take some action to terminate the war. About 250 acts of Congress provide that those acts shall become ineffective 6 months after the

termination of the war. The terms of service of millions of our enlisted men and women will cease within 6 months after the termination of the war. The war can be legally terminated by a proclamation of the President that the war is over or by a concurrent resolution passed by the House and Senate. The President has been urged to issue this proclamation, but he has declined to do so. Many bills have been introduced in the House and Senate providing for the termination of the war but these bills are opposed, as we are informed, by the President. Since hostilities ceased about 7 months ago, it seems to me that it would only be right and proper for the President to issue a proclamation, either declaring that the war is at an end or fixing a date when it shall end, and failing in that he should withdraw his objections to the resolutions introduced in the House and Senate.

Our Judiciary Committee is making a careful survey of the war measures with a view to the repeal of these war measures. The executive branch and the legislative branch of the Government should repeal each and every one of these war measures just as soon as it is practicable to do so. There is little doubt but what many of these measures are holding up production and thereby denying to the American people the thousand-and-one articles that they need and must have and increasing the threat of inflation.

I wish to say in conclusion that the emergency will have to be very great for me to vote for any further extension of these war powers or war measures, and I shall be very happy to give my support to efforts to bring these war powers and war measures to an end.

(Mr. ROBSION of Kentucky asked and was given permission to revise and extend his remarks.)

(Mr. SUMNERS of Texas asked and was given permission to revise and extend his remarks.)

Mr. HOBBS. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. HOLIFIELD].

(Mr. HOLIFIELD asked and was given permission to revise and extend his remarks.)

Mr. HOLIFIELD. Mr. Chairman, when I discussed this matter a few minutes ago, I did not have quite sufficient time to conclude my thought. I wanted to say at that time that the OPA will shortly be before us for extension. One of the important factors of that extension is the curing of some of the things which have been wrong with the OPA. Although I have supported the Price Control Act since its inception, I have fought very earnestly against certain inequities. One of those inequities is the MAP regulation, which places on the manufacturers a regulation that they shall make low- and average-priced garments; that they shall maintain a certain average price level in their production. Now, that has to do with this War Powers Act in this way, that the Civilian Production Administration is one of the agencies of Government which stems from the War Powers Act, which gives to CPA the right of allocation of materials

and machinery. That is why I am interested in seeing that the War Powers Act is extended, in order that the Civilian Production Administration may have those controls extended for a certain length of time. Why do I say that? Because, under the maximum average price regulation of the OPA, they did not allocate materials at the mill base. The OPA has realized its mistake.

Low-priced cloth, which has flown from the market and is unavailable, whether in women's dresses, men's shirts, shorts, underwear, pajamas, or whatever it may be, can only be brought back, in my opinion, in this emergency scarcity time, by freezing at the mills those looms and insuring the production of that particular low-priced cloth, and the allocation of that cloth to manufacturers who will pledge themselves to make the articles which are now missing from the market. This the OPA is trying to effect. They depend upon the Civilian Production Administration for that allocation of materials, that power to channel those materials to manufacturers who will make low-priced clothing.

It is my hope that the maximum average price regulation will be removed. Personally, I intend to vote against it when the OPA comes up for extension. I think it has been a miserable failure, and I think the only way we can approach the goal of low-priced clothing is through control of materials at the mills, until a normal supply of that material is available once more and the normal flow of garment production can be resumed.

The gentleman from Kentucky [Mr. ROBSION] made one of the most important points in this priority field. The housing bill, which we passed to get veterans' housing, depends upon the allocating of material, the channeling of material away from nonessential types of buildings, into essential homes. In order to channel that material through allocation, priorities must be established. The Housing Administration is depending upon the Civilian Production Administration to do that part of the act. If we do not extend the War Powers Act, the Civilian Production Administration automatically folds up on the expiration of the present War Powers Act date. It will then be necessary to reconstruct a complete new bureau and accumulate new information and all the different data that is necessary in order to do an intelligent job of priority allocations. That is why I say it is so important at this time that this act be extended. There are other points which have been ably covered by the gentleman from Alabama [Mr. HOBBS] and the gentleman from New York [Mr. HANCOCK]. But at this time we are particularly interested in housing for veterans, in restoring to the common people of America who have low earnings, or who have fixed incomes through pensions or annuities, the privilege of going into the market and buying reasonably priced clothing. It seems to me that as MAP has not succeeded, the allocation of materials is our next attack upon the clothing scarcity problem. The OPA is now trying that out.

By the time OPA comes up for extension we will know whether the allocation

of materials through CPA priority channels has succeeded in bringing to the market low- and medium-priced clothing. If it has not succeeded at that time it will undoubtedly have a great effect upon whether OPA should be extended, because that is one of their important functions.

Price control is an illusion if it curtails production. Prices must be adjusted so that production can be increased, but they must not be increased to the point of inflationary profits. When fair profits, determined by reference to a historical normal span of years, is allowed, the manufacturer will produce more goods. If the greedy refuse to produce a fair percentage of low- or medium-priced ranges, I am in favor of achieving this national aim through priority allocation of materials to manufacturers who will produce in the national interest. The CPA controls can then be used, but first let us give industry a chance to produce voluntarily.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. HANCOCK. Mr. Chairman, I yield 1 minute to the gentleman from Wisconsin [Mr. HENRY].

Mr. HOBBS. Mr. Chairman, I yield an additional minute to the gentleman from Wisconsin.

The CHAIRMAN. The gentleman from Wisconsin is recognized for 2 minutes.

(Mr. HENRY asked and was given permission to revise and extend his remarks.)

Mr. HENRY. Mr. Chairman, I shall vote for this legislation not because I enjoy delegating unusual powers to the Federal Government or because I enjoy submitting to regimentation, but because I feel it is necessary under the circumstances.

One of the important features of the bill before us deals with the question of priorities and priority powers. This is under the supervision of the Civilian Production Administrator, Commodore Small.

Commodore Jack Small is a personal and intimate friend of mine and has been for many, many years. I consider him absolutely honest, sincere, conscientious, and a high type of American citizen. He has ability and courage, and I feel very certain that if he is permitted to use his own judgment and decide things for himself he will come up with the right answers at all times; and I can assure you that I have confidence in his ability to proceed as you would like him to proceed.

Mr. ROBSION of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. HENRY. I yield.

Mr. ROBSION of Kentucky. If all of these bureaus could be administered by men like Commodore Small we would have a different situation in this Government.

Mr. HENRY. I agree with the gentleman.

Mr. MASON. Mr. Chairman, will the gentleman yield?

Mr. HENRY. I yield.

Mr. MASON. Has the gentleman base to believe that Commodore Small will be permitted to use his own judgment?

Mr. HENRY. I have sufficient confidence in Commodore Jack Small to believe that if he is browbeaten he will resign his post rather than submit.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. HANCOCK. Mr. Chairman, I yield the balance of my time to the gentleman from Indiana [Mr. SPRINGER].

The CHAIRMAN. The gentleman from Indiana is recognized for 7 minutes.

Mr. SPRINGER. Mr. Chairman, a committee amendment will be offered to the pending bill. This amendment has already been explained by the gentleman from New York [Mr. HANCOCK]. It relates to the date in line 2 on page 2. The date "June 30, 1947," will be changed to "March 31, 1947," and this additional language will follow immediately after the date proposed by the amendment:

Except that for purposes of allocations of building materials and facilities relating to the utilization of building materials, such title 3 and the amendments to existing law made by such title shall remain in force until June 30, 1947.

That means just this: Title III with regard to allocations and priorities will terminate on March 31, 1947. The matter of allocating building materials, however, will be continued under that title until the 30th of June 1947, in order to correspond with the housing bill just passed by the House. This, however, gives that power to the President. The housing bill gives that power to the Director or to the Expediter. What we want under this building-materials plan is to secure the needed material so we can build houses and so the veterans will have an opportunity to rehabilitate themselves and their families.

I think perhaps it might be worth the time of the committee to discuss some of these different titles under the Second War Powers Act involved in this particular legislation.

Title I, as you know, relates to the Interstate Commerce Commission authority over motor and water carriers. That embraces the Office of Defense Transportation and involves the question of getting our boys who are serving in the Army and in far-flung lands back home again. That is continued for the purpose of getting these boys back home along with the supplies and materials to take care of them. I am confident no one will offer any objection to that title; it is the general wish to get our boys back home at the earliest moment.

Title II deals with the acquisition and disposition of property by both the War and Navy Departments. The question of the acquisition of property has been entirely eliminated by the committee. The only portion of that particular title which now remains is the question of disposing of property, and we certainly do not desire to take away the existing power for them to dispose or sell the property which they have on hand. That is absolutely necessary.

Title III I have touched on in mentioning allocations and priorities and also the question of lumber. I may say, in addition, if you will pardon me for a moment, we have under that title sugar, which is very scarce and critical. The evidence came before us that the sugar

question will not improve greatly until the end of this year and there is a great need for some regulation. Take next textiles. You can hardly get a suit of clothes anywhere and there must be some regulation respecting textiles. Take building materials and supplies. There is a scarcity in that field. A vast amount of shortages exist in that needed commodity. The same rule applies to tin, zinc, and rubber. There is a long list of those that have been gone over in the hearings. White shirts, shorts, and work shirts and overalls are very scarce.

I was not entirely sold on this continuation until I heard the uncontradicted and undisputed testimony which came before the subcommittee then I became convinced, and I know every member of the subcommittee became convinced, that it was absolutely necessary that some of these titles be extended. I would like to go on just a little further.

Title IV is continued for 9 months. That relates to the power of the Federal Reserve bank to take up Government obligations. That happens along about income-tax time, and they have been able to save millions of dollars in interest by the power under that provision and under that title.

Title V has to do with the waiver of navigation and inspection laws. We have very rigid inspection laws in connection with taking our boys across the oceans and bringing them back home again from service in foreign countries. If those rigid inspection laws were adhered to we could not load these ships to the capacity they have been loaded with our soldiers and equipment, and it would require much longer to get them back home. This is a waiver of those rigid inspection laws, which are in force at this particular time.

Title VI is entirely out. It is eliminated.

Title VII refers to political activities and that relates to ration boards, draft boards, and all those different agencies that were set up during this war. That is continued for 9 months or until March 31, 1947.

Titles VIII, IX, X, XI, XII, and XIII are entirely eliminated.

The only remaining title is title XIV which is necessary in order to give information between the different departments of Government. It is my hope that in the interest of completing these highly important items this measure will be passed and the Second War Powers Act extended for months, as set forth in the pending measure.

The CHAIRMAN. The time of the gentleman from Indiana has expired.

(Mr. SPRINGER asked and was given permission to revise and extend his remarks.)

Mr. HOBBS. Mr. Chairman, I yield the remainder of the time on this side to the distinguished gentleman from Pennsylvania [Mr. WALTER].

Mr. WALTER. Mr. Chairman, I do not think anyone abhors Government controls any more than I do. When the question of the continuance of these necessary wartime controls was taken up by the Postwar Economic Policy and Planning Committee, of which I happen

to be a member, the question that arose in the minds of every one of the 15 members of that committee was whether or not the controls could be discontinued immediately. I think I am safe in saying that every member of that committee was desirous of eliminating all Government controls immediately; however, after one witness testified, we became just the least bit doubtful of the advisability of eliminating the controls, and at the end of the very lengthy hearings that committee conducted, we were thoroughly convinced that it was impractical and, as a matter of fact, our economy could not withstand the impact that it would suffer if the controls were lifted immediately.

I think that the attitude of the committee can be best summed up by quoting from part of the testimony of a very successful American businessman who, when asked the question as to whether or not the controls should be eliminated, said:

If I were in your position, I should hate to recommend that that be done.

It is important to bear in the mind the fact that the purchasing power of the people of this country today amounts to about \$246,000,000,000. During the war when attention was first directed to what the postwar era would present, every one believed that immediately after the cessation of hostilities unemployment would increase to about five million. Instead of that, according to the best figures available, unemployment is about 1,500,000, and instead of employment decreasing there are today about 51,000,000 people employed with the result that the purchasing power has increased. Now, with that terrific pressure of purchasing power, of course, there comes a terrific demand for those articles which are scarce, and unless some controls are kept on these scarce articles then the prices will go skyrocketing.

I have heard on the floor this afternoon this question of shirts discussed. The answer to the shortage of low-cost shirts is a very simple one. The manufacturers of shirts manufactured many thousands of the higher-priced shirts with the hope that governmental controls would be discontinued, and thousands of dozens of shirts in the higher priced lines instead of making the articles that they should have been manufacturing are now in the possession of these manufacturers.

In the allocations of these materials of which there are shortages it has been suggested that certain types of goods be manufactured, and the manufacturers have agreed to manufacture that type of article, but they have not acted in good faith in many cases. The same thing is largely true with respect to building materials. There are critical shortages in burlap, hard-cordage fibers, lead, rubber, tin, lumber, coal, hides, antimony, quinine, and some other materials. The shortage in tin in the public interest is so direct as to take on some of the attributes of a public emergency because of the importance in its use for the maintenance of our food supply. Most of these materials are in a satisfactory position to withstand any but an uncontrolled inflationary pressure.

In the interest of all the people the appropriate agency can control the use of these scarce articles under the authority of the act under consideration. If, with these short materials control is no longer continued, then there will be no limit to the price, with the result which, of course, is perfectly obvious to every one. There is an abundance of testimony to prove that the removal of controls will not increase the supply of short articles sufficiently to meet the demand therefor. It is very encouraging to know that those people charged with the administration affected by these laws are all determined to get rid of them as quickly as possible. I am certain that the representatives of those several Government agencies were sincere when they testified not only before the Committee on the Judiciary but before the Postwar Economic Policy and Planning Committee that they intend to eliminate controls as rapidly as they possibly can. No one can doubt the sincerity and integrity of Mr. Small the distinguished head of CPA. If you read his testimony you will be assured that there will be no controls for a minute longer than is necessary.

Mr. SPRINGER. Mr. Chairman, will the gentleman yield?

Mr. WALTER. I yield to the gentleman from Indiana.

Mr. SPRINGER. This morning I received a barrage of postal cards from ladies in my district deploring the fact that they could not purchase nylon hose. I have received probably 100 cards in the last day. That is one of the critical shortages.

Mr. WALTER. Of course, that is one of the critical shortages, but may I point out this fact to the gentleman that the manufacturers of nylon hosiery that already have thousands of dozens of pairs of hose on hand are hoping for the elimination of these controls, so that instead of the ladies who have been corresponding with the gentleman paying a decent price for their hosiery they will pay a price many times what it is worth.

Mr. SPRINGER. That matter is controlled by OPA.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired. All time has expired.

The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That title XV, section 1501, of the Second War Powers Act, 1942, approved March 27, 1942, as amended, is amended to read as follows:

"SEC. 1501. Titles I, II, IV, V, VII, and XIV of this act, and the amendments to existing law made by any such title, shall remain in force only until March 31, 1947, or until such earlier time as the two Houses of Congress by concurrent resolution, or the President may designate, and title III of this act, and the amendments to existing law made by such title, shall remain in force only until June 30, 1947, or until such earlier time as the two Houses of Congress by concurrent resolution, or the President, may designate, and after such amendments cease to be in force any provision of law amended thereby shall be in full force and effect as though this act had not been enacted; but no court proceedings brought under any such title shall abate by reason of the termination hereunder of such title."

Title XI of the Second War Powers Act, 1942, as amended, is hereby repealed as of June 30, 1946.

Mr. HANCOCK. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. HANCOCK: On page 2, line 2, strike out "June 30, 1947", and insert in lieu thereof, "March 31, 1947 (except that for purposes of allocations of building materials, and facilities related to the utilization of building materials, such title III, and the amendments to existing law made by such title, shall remain in force until June 30, 1947)."

Mr. HANCOCK. Mr. Chairman, the purport and the reason for this amendment have been explained several times. Let me just say that it has the unanimous support of the committee and was adopted by the committee yesterday morning.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

Mr. VORYS of Ohio. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. VORYS of Ohio: On page 1, line 6, after "and" insert "sections 1402 and 1403 of."

Mr. VORYS of Ohio. Mr. Chairman, it is with considerable hesitation that I make this attempt to improve on the results of the deliberations of the great Committee on the Judiciary, but if you will look at page 9 of the report, at the bottom of the page you will find in the text of the War Powers Act, under title XIV, Utilization of Vital War Information, three sections. Sections 1402 and 1403 have to do with permitting the Secretary of Commerce to furnish statistical information which he already has for the purpose of carrying on the war. By the extension of this War Powers Act Congress, of course, is officially saying that the war is still going on.

Section 1401, which my amendment would omit from the extension, simply provides as follows—I cannot read it all, but I will paraphrase what it states:

Henry Wallace, Secretary of Commerce, shall, at the direction of the President, make such special investigations and reports of statistical matters as he is ordered to. I cannot imagine any investigation that could not be considered a statistical matter. Any person who shall refuse or willfully neglect to answer any questions in connection with any special investigations made under this section shall be fined \$500 and put in jail for 60 days.

That means that if any businessman, bedeviled by Department of Commerce questionnaires for statistical purposes, chucks one in the wastebasket he is liable to go to jail.

The OPA Director, Mr. Bowles, has under the OPA law, power to find out any information he needs that he does not already have. Sections 1402 and 1403 of title XIV leave in the law the power for Mr. Wallace, the Secretary of Commerce, to furnish to other departments any information which Secretary Wallace already has. It seems to me it is utterly unnecessary to extend for 9 months after June 30 this power which,

as far as I can find, is not essential for reconversion but which may be used, a snooping power which I cannot see is needed in any way to carry out any of the controls which are described as still necessary under this law.

I have asked questions repeatedly of the members of the Committee on the Judiciary and I have not been referred to any place in the hearings that refers to section 1401. There are references to requests for information, which can still be furnished under section 1402. Since this unexplained and apparently unnecessary power is in the extension, let us take it out.

I hear so many Members say, "We are opposed to controls, but; we think controls should end, but." One Member said the people will rise and insist the controls end some day. The only way people can act in a republic is through their representatives.

I know of no Member of this House that wants to end all controls on June 30. I thought the policy of this House was being established when we set up the Housing Act, that we were going to realize that there were certain conditions caused by the ending of the war that might require special legislation, and were going to face these with our eyes open and attend to them. I deplore the action of Congress in extending an act entitled "To expedite the prosecution of the war" merely because they have not thought through the problems that come with the coming of this kind of peace. The least we can do right now is to cut out this power, which has no justification at all in the hearings, and for which none can be conceived, but which is an inquisitorial, snooping power in the hands of the Secretary of Commerce that might be abused.

As John D. Small, head of CPA has said, "Priorities breed priorities, and controls breed controls." Congress should use a little birth control on this breeding of controls and priorities instead of extending these powers on the promise that they will not be used very much.

Mr. WALTER. Mr. Chairman, will the gentleman yield?

Mr. VORYS of Ohio. I yield to the gentleman from Pennsylvania.

Mr. WALTER. Does the gentleman know of any cases where the power given under that section has been abused?

Mr. VORYS of Ohio. No; I do not, but the fact that it has not been abused is no reason for continuing an unjustified power in the law in the hands of a public official. The question is, is such power needed, and that question has not been answered.

Mr. ROBSION of Kentucky. Does not the law prohibit making it public, anyhow?

(Mr. VORYS of Ohio asked and was given permission to revise and extend his remarks.)

Mr. HOBBS. Mr. Chairman, I rise in opposition to the amendment. I do hope that the House will not adopt this amendment, for the simple reason that it does nothing but grant the same power that is carried in the census law and has been since 1852. All it does is to authorize the duly appointed agent of the Federal Government to obtain information

which is necessary to national defense, to making war, or in the aftermath, the rehabilitation and reconversion to peacetime economy. There is no reason why it should not be done. There has never been a prosecution that has been conducted under it, because the people have been giving honest answers when requested. There is no reason why it should not be here and there is an abundance of good reasons why it should be. Should there be any recalcitrant citizen who would fail to give the information that is reasonably requested by the Secretary of Commerce under this power, then there might be need for this way to acquire that information.

Mr. SPRINGER. Mr. Chairman, will the gentleman yield?

Mr. HOBBS. I am always happy to yield to the gentleman.

Mr. SPRINGER. Is it not a fact that under section 1401 a penalty is provided if a man refuses to give information when requested?

Mr. HOBBS. Yes, sir.

Mr. SPRINGER. And under section 1402 it provides a penalty for a man who discloses the information after it has been obtained?

Mr. HOBBS. Yes, sir. Certainly.

Mr. ROBSION of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. HOBBS. I will be glad to yield to the gentleman.

Mr. ROBSION of Kentucky. It is following a law that has been on the books for nearly 90 years?

Mr. HOBBS. Yes, sir.

Mr. ROBSION of Kentucky. Both as to giving the information and providing punishment for those who give it out in violation of the law?

Mr. HOBBS. That is right, sir.

Mr. VORYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. HOBBS. Gladly, sir.

Mr. VORYS of Ohio. Is it not true that section 1401 permits the Secretary to dispense with or curtail any regular census or statistical work of the Department of Commerce, and then it proceeds to give this additional power?

Mr. HOBBS. That is right, sir.

Mr. VORYS of Ohio. Is it not true that section 1402, which is preserved in the law by the amendment offered, is the section which provides still for holding confidential the information which the Secretary of Commerce furnishes? This amendment does not disturb the confidential character of information given as to present census information, but it merely strikes the extraordinary war power to dispense with the census and do individual snooping, which, as has been shown, has not been used so far. There is no reason shown for its retention.

Mr. HOBBS. There has been no complaint whatsoever from any one of 135,000,000 people in this country about any "snooping." There has been no complaint whatever about abuse of this power. There has been no need whatever for a single prosecution. Yet it would be a grave mistake on the part of Congress, I think, to adopt this amendment to strike out a power which is needed in aid of the war powers that we are extending, to ask questions that are

legitimate and that no patriotic American would mind answering. But the specific point is that he can dispense with the regular census should he need to, and make special investigations that are requested by other agencies of the Government. True. But in both actions he must be backed by a national defense or war necessity.

Mr. HANCOCK. Mr. Chairman, will the gentleman yield?

Mr. HOBBS. It is always a real pleasure to yield to the gentleman.

Mr. HANCOCK. The gentleman from Ohio [Mr. VORYS] calls attention to a very unusual if not unprecedented section in any law that I have ever seen since I have been here. It authorizes one of our department heads to curtail the work of his department and dismiss a few unnecessary job holders. How can anybody object to that?

Mr. HOBBS. I thank the gentleman for his contribution.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. SCRIVNER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, having a high regard, as I have for the members of this committee, upon which there are many able attorneys, much more able than I, I hesitate to speak on this bill but I am somewhat puzzled. I have inquired of various members of the committee to find out where all this power of allocation arises in this particular act. The nearest I can find is the language which is found in section 301. That language reads:

Whenever the President is satisfied that the fulfillment of requirements for the defense of the Nation will result in a shortage in the supply of any material or any facilities for defense or for private account or for export, the President may allocate such material or facilities as he shall deem necessary in the public interest and to promote the national defense.

If there is any other place I would like to find it, because that language worries me tremendously. As I read it, that language sets out two things, first, that the only condition under which the President would have the power of allocation under CPA, the former WPB, is when the use of materials in national defense has created a shortage, and then the only purpose for which he can allocate it is to allocate those particular short materials as he may deem necessary to promote the national defense.

The allocation of cloth to the manufacturer of shirts certainly is not an allocation of materials for war uses or for national defense.

We have admitted here that we want these powers for the allocation of material for the building of homes, especially for veterans. Why not use language that says it shall be allocated for that particular purpose? Why not spell it out in clear A-B-C language instead of doing it under the subterfuge of extending the War Powers Act under the guise of doing it for war purposes or the national defense? I am tired of governmental agencies taking power by subterfuge and indirection. While the war was on we overlooked some usurpation of power. That time has passed.

I address these remarks in all seriousness, because I told my folks at home that when the war was over war controls would be ended as rapidly as possible. The shooting war is over, yet frankly there is a situation in the world that disturbs me no end, but that does not relate to our allocation of materials which we are trying to say the President has the power to do under this language.

If any member of the committee or the subcommittee can answer that or give me an explanation of this section and remove the uncertainty I would like to hear it.

Mr. Chairman, my inquiry is unanswered.

The CHAIRMAN. The time of the gentleman from Kansas has expired.

(Mr. SCRIVNER asked and was given permission to revise and extend his remarks.)

Mr. HANCOCK. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, if I understood the gentleman from Ohio correctly a moment ago he stated there was no testimony in the hearings in support of title XIV.

Mr. VORYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. HANCOCK. I yield.

Mr. VORYS of Ohio. The gentleman from New York misunderstood the gentleman from Ohio. The gentleman from Ohio said there was no testimony to support section 1401 of title XIV. There is testimony supporting sections 1402 and 1403 which the gentleman, however, through his amendment, would leave in title XIV.

Mr. HANCOCK. There is testimony in support of the entire title including the two the gentleman objects to. It will take but a minute to read the testimony. This is a quotation from the testimony of Mr. Ketcham, assistant general counsel of OPA:

Mr. KETCHAM. Title XIV is the provision under which we obtain information from the Department of Commerce which that Department has collected and which it deems confidential. It has been very helpful to us in that they have the names and addresses of most of the business organizations of the country, and when we set up an industry advisory committee we go to them and get a list of all the people in that industry, and then we can select from that list representative people. If we did not use their information, we would have to go out and conduct innumerable surveys and more or less duplicate what that Department is already doing.

Mr. HOBBS. Mr. Chairman, will the gentleman yield?

Mr. HANCOCK. I yield to the gentleman from Alabama.

Mr. HOBBS. May I add just this word in regard to the question that has been raised with reference to the phrase "national defense", in order to call attention to the fact that there can be no controversy or misunderstanding with regard to the status of the war. It is not over, no matter how much all of us wish that that were true, as long as we have hundreds of thousands of our boys over there in the armies of occupation, in navies on the seven seas, nor is it over until the flares that have arisen in five different places of additional shooting have been, in some degree, at least, extinguished.

There can be no controversy but that the need of the United States for adequate national defense still obtains. We have won a large part of our war effort, but little of our peace effort. Until our boys and girls are home, rehabilitated happily and integrated into our peacetime economy, not even the war has been won! So I beg of you that we look this issue squarely in the face. No matter how we may regard what has been done or the status at present, these powers are now still needed. Twenty-seven members of our committee, which is your committee, working for you, have unanimously said that in spite of their strong predilection for the cancellation of these powers, it cannot be done now. We beg of you not to be hypercritical.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. ROBSION of Kentucky. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for two additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. ROBSION of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. HANCOCK. I yield to the gentleman from Kentucky.

Mr. ROBSION of Kentucky. I would like to propound a question of the gentleman from Alabama [Mr. HOBBS]. The Congress has passed many acts and in nearly all of these acts, in the War Powers Act itself, it is provided that the way to terminate war is by proclamation of the President himself or by concurrent resolution adopted by both Houses of Congress. The war will not be over until one or the other of those contingencies takes place, will it?

Mr. HOBBS. That is right, and the gentleman knows as well as every other member of our committee that right of concurrent resolution may be exercised at any time the Congress sees fit.

Mr. ROBSION of Kentucky. In this very bill that we are acting on, it is provided that it may be terminated sooner than this extension contemplates, either by the President or by concurrent resolution.

Mr. HOBBS. The gentleman is absolutely right, and I suggest that the passage of this bill will but further assure the rights reiterated in the provision to which the gentleman refers.

The CHAIRMAN. The time of the gentleman from New York has again expired.

The question is on the amendment offered by the gentleman from Ohio [Mr. VORYS].

The question was taken; and on a division (demanded by Mr. Vorys of Ohio) there were—ayes 16, noes 43.

So the amendment was rejected.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. ROBINSON of Utah, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 5716) to amend the Second War Powers Act, 1942, as amend-

ed, pursuant to House Resolution 558, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

Mr. HOBBS. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days in which to extend their remarks in the RECORD on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

EXTENSION OF REMARKS

Mr. COCHRAN asked and was given permission to revise and extend his remarks.

Mr. DAVIS asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. PATTERSON asked and was given permission to extend his remarks in the RECORD in two instances.

Mr. JOHNSON of California asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mrs. ROGERS of Massachusetts asked and was given permission to extend her remarks in the RECORD and include a letter by Commander Omar Ketchum of the VFW.

Mr. HESELTON asked and was given permission to extend his remarks in the RECORD in two instances; to include in one a radio address delivered by Hon. Robert F. Bradford, lieutenant governor of Massachusetts, and in the other a radio address delivered by himself.

Mr. D'EWARD asked and was given permission to extend his remarks in the RECORD and include an article from the Miles City Star under date of March 12.

SPECIAL ORDER GRANTED

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent that today, following any special orders heretofore entered, I may be permitted to address the House for 2 minutes.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

PUBLIC HEALTH SERVICE ACT

Mr. PRIEST. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 4512) to amend the Public Health Service Act to provide for research relating to psychiatric disorders and to aid in the development of more effective methods of pre-

vention, diagnosis, and treatment of such disorders, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H. R. 4512, with Mr. HÉBERT in the chair.

The Clerk read the title of the bill.

Mr. MARTIN of Massachusetts. Mr. Chairman, I move to strike out the last word.

Mr. Speaker, may I inquire of the majority leader what the program for next week will be?

Mr. McCORMACK. On Monday there will be the call of the Consent Calendar. Following that it is proposed to take up H. R. 5407, a bill to grant the Federal Works Administrator certain powers, reported out of the Committee on Public Buildings and Grounds. It is then hoped to take up H. R. 5413, a bill accepting renunciation by former Judge Albert W. Johnson of a pension under section 260 of the Judicial Code.

Mr. MARTIN of Massachusetts. Does the gentleman know of any suspensions for Monday?

Mr. RAYBURN. Yes; there is going to be a suspension. I am going to recognize the gentleman from Texas [Mr. POAGE] to move to suspend the rules and pass the so-called surplus property bill, which bill has to do with dirt moving machinery for farmers.

Mr. MARTIN of Massachusetts. From what committee did that bill come?

Mr. RAYBURN. The Committee on Agriculture.

Mr. MICHENER. Mr. Chairman will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield to the gentleman from Michigan.

Mr. MICHENER. That is the bill which provides that the Secretary of Agriculture shall be given permission to appraise all surplus property which, in his judgment, might be used by soil conservation districts?

Mr. RAYBURN. No. An amendment has been agreed upon with reference to it. It is going to take in other subdivisions, such as counties and towns. The motion will be made to suspend the rules and pass the bill with this amendment.

Mr. MICHENER. May we have the amendment inserted in the RECORD so that we will know what we are going to vote on?

Mr. RAYBURN. I will try to have that done.

Mr. MICHENER. The trouble is they cannot draw it. They have been working on it for 6 or 8 months, and if it can be done it will help the proponents of the bill considerably.

Mr. BROWN of Ohio. Mr. Chairman, will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield to the gentleman from Ohio.

Mr. BROWN of Ohio. May I ask the gentleman from Texas whether or not the amendments referred to are those drawn by the chairman of the Committee on Rules in connection with this legislation?

Mr. RAYBURN. No; they have not been drawn. The chairman of the Committee on Rules has made some suggestions as to the basis for drawing, I think, two amendments.

Mr. BROWN of Ohio. I ask that question for the reason that I have been very much interested in this particular bill and have endeavored to work somewhat with the chairman of the Committee on Rules, and understood that we would have an opportunity in the Committee on Rules to see it.

Mr. RAYBURN. I think that from the standpoint of the chairman of the Committee on Rules and the gentleman from Ohio, when the amendment is drawn it will satisfy both of them.

Mr. McCORMACK. If either of these bills is not disposed of on Monday, it will go over until Wednesday, because Tuesday is being set aside for the consideration of the bill (H. R. 4873) creating an Agricultural Credit Agency. After the disposition of that bill, on Wednesday the consideration of the bills I have mentioned as being taken up on Monday will be completed. Then there will be the bill (H. R. 2115) relating to domestic raising of fur-bearing animals.

On Thursday and Friday bills will be taken up in the following order: H. R. 2501, relating to Federal rural rehabilitation projects, with 1 hour of general debate, and H. R. 2239, with reference to the consolidation of farm-lending agencies, with 2 hours of general debate.

I know of no conference reports likely to be submitted, but if any should come in they will be brought up at the convenience of the Members as soon as possible after being reported.

Mr. MARTIN of Massachusetts. I thank the gentleman.

Mr. MILLER of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield to the gentleman from Nebraska.

Mr. MILLER of Nebraska. With respect to the bill (H. R. 4873) creating an Agricultural Credit Agency, is that the Flannagan bill?

Mr. McCORMACK. Yes; that is the Flannagan bill.

Mr. BROWN of Ohio. Mr. Chairman, I understand that at the time the Committee rose last night an amendment offered by the gentleman from Minnesota [Mr. JUDD] was pending and had not been acted upon.

The CHAIRMAN. The gentleman is correct.

Mr. BROWN of Ohio. Mr. Chairman, I offer a substitute amendment to the amendment offered by the gentleman from Minnesota.

The Clerk read as follows:

Substitute amendment offered by Mr. BROWN of Ohio to the amendment offered by Mr. JUDD: On page 4, line 16, after the period insert a new sentence as follows: "Three of the appointed members shall be selected from a panel of six such authorities to be submitted to the Surgeon General by the deans of the approved medical colleges and schools in the United States."

Mr. BROWN of Ohio. Mr. Chairman, this substitute to the original amendment offered by the gentleman from Minnesota [Mr. JUDD] is offered at his request. After the session adjourned yesterday evening the gentleman from Minnesota, Dr. JUDD, discussed his original amendment with a number of members of the Public Health subcommittee, and the language contained in this substitute was agreed upon so it would not

be necessary to spell out the names of the medical associations to be recognized in this legislation. Therefore, I offer this substitute to the amendment and ask for its adoption.

Mr. PRIEST. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Ohio. I yield to the gentleman from Tennessee.

Mr. PRIEST. I discussed this matter with the gentleman from Minnesota [Mr. JUDD] yesterday afternoon. It was my position that his original amendment was rather unworkable because it attempted to spell out the names of certain associations. After discussing this amendment with him, I am willing to accept the substitute offered by the gentleman from Ohio, and ask that it be adopted.

Mr. BROWN of Ohio. Mr. Chairman, the minority also accepts the substitute amendment.

The CHAIRMAN. The question is on the substitute amendment offered by the gentleman from Ohio [Mr. BROWN] to the amendment offered by the gentleman from Minnesota [Mr. JUDD].

The substitute amendment was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota, as amended.

The amendment was agreed to.

Mr. FENTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FENTON: On page 7, line 19, after "to" strike out the remainder of the line.

Mr. PRIEST. Mr. Chairman, will the gentleman from Pennsylvania yield?

Mr. FENTON. I yield to the gentleman from Tennessee.

Mr. PRIEST. We discussed this matter at some length yesterday, and I have also discussed the matter with the gentleman offering the amendment. I am willing to accept the amendment.

Mr. BROWN of Ohio. Mr. Chairman, if the gentleman will yield, this amendment strikes out a few words and in effect clarifies the meaning of the section. The minority accepts the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania.

The amendment was agreed to.

Mr. BUCK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, if this bill were confined to the establishment of Federal research and training on mental diseases, I am sure there would not be a vote in this House against it, but the bill goes beyond that. It grants more Federal hand-outs to States which do not need those hand-outs. The bill is also another step in the concentration of power in the Central Government. The bill should be recommitted for rewriting to limit its program to Federal research and training.

Mr. PRIEST. Mr. Chairman, in view of the adoption yesterday of a new section 4, I ask unanimous consent that subsequent sections of the bill be renumbered accordingly.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

79TH CONGRESS
2^D SESSION

H. R. 5716

IN THE SENATE OF THE UNITED STATES

MARCH 19 (legislative day, MARCH 5), 1946

Read twice and referred to the Committee on the Judiciary

AN ACT

To amend the Second War Powers Act, 1942, as amended.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That title XV, section 1501, of the Second War Powers
4 Act, 1942, approved March 27, 1942, as amended, is
5 amended to read as follows:

6 “SEC. 1501. Titles I, II, IV, V, VII, and XIV of
7 this Act, and the amendments to existing law made by
8 any such title, shall remain in force only until March 31,
9 1947, or until such earlier time as the two Houses of Con-
10 gress by concurrent resolution, or the President may desig-
11 nate, and title III of this Act, and the amendments to

1 existing law made by such title, shall remain in force only
2 until March 31, 1947 (except that for purposes of alloca-
3 tions of building materials, and facilities related to the
4 utilization of building materials, such title III, and the
5 amendments to existing law made by such title, shall remain
6 in force until June 30, 1947), or until such earlier time
7 as the two Houses of Congress by concurrent resolution,
8 or the President, may designate, and after such amendments
9 cease to be in force any provision of law amended thereby
10 shall be in full force and effect as though this Act had not
11 been enacted; but no court proceedings brought under any
12 such title shall abate by reason of the termination here-
13 under of such title.”

14 Title XI of the Second War Powers Act, 1942, as
15 amended, is hereby repealed as of June 30, 1946.

Passed the House of Representatives March 15, 1946.

Attest:

SOUTH TRIMBLE,

Clerk.

79TH CONGRESS
2^D Session

H. R. 5716

AN ACT

To amend the Second War Powers Act, 1942,
as amended.

MARCH 19 (legislative day, MARCH 5), 1946
Read twice and referred to the Committee on the
Judiciary

**EXTENSION OF SECOND WAR POWERS ACT, 1942,
AS AMENDED**

(Re: Transportation, Rationing, Priorities, Etc.)

HEARING

BEFORE A

**SUBCOMMITTEE OF THE
COMMITTEE ON THE JUDICIARY
UNITED STATES SENATE**

SEVENTY-NINTH CONGRESS

SECOND SESSION

ON

H. R. 5716

**AN ACT TO AMEND THE SECOND WAR POWERS
ACT, 1942, AS AMENDED**

MAY 31, 1946

Printed for the use of the Committee on the Judiciary



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EXTENSION OF SECOND WAR POWERS ACT, 1942, AS AMENDED

FRIDAY, MAY 31, 1946

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON THE JUDICIARY,
Washington, D. C.

The committee met at 10:30 a. m., Hon. Joseph C. O'Mahoney presiding.

Present: Senators O'Mahoney and Huffman.

Also present: Mr. Sourwine, counsel to the committee.

Senator O'MAHONEY. The committee will come to order.

This hearing has been called by a subcommittee of the Senate Committee on the Judiciary to consider H. R. 5716, an act to amend the Second War Powers Act of 1942, as amended, which was passed by the House of Representatives on March 15, 1946.

The text of the act passed by the House will appear in the record at this point.

(The act is as follows:)

[H. R. 5716, 79th Cong., 2d sess.]

AN ACT To amend the Second War Powers Act, 1942, as amended

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That title XV, section 1501, of the Second War Powers Act, 1942, approved March 27, 1942, as amended, is amended to read as follows:

"SEC. 1501. Titles I, II, IV, V, VII, and XIV of this Act, and the amendments to existing law made by any such title, shall remain in force only until March 31, 1947, or until such earlier time as the two Houses of Congress by concurrent resolution, or the President may designate, and title III of this Act, and the amendments to existing law made by such title, shall remain in force only until March 31, 1947 (except that for purposes of allocations of building materials, and facilities related to the utilization of building materials, such title III, and the amendments to existing law made by such title, shall remain in force until June 30, 1947), or until such earlier time as the two Houses of Congress by concurrent resolution, or the President, may designate, and after such amendments cease to be in force any provision of law amended thereby shall be in full force and effect as though this Act had not been enacted; but no court proceedings brought under any such title shall abate by reason of the termination hereunder of such title."

Title XI of the Second War Powers Act, 1942, as amended, is hereby repealed as of June 30, 1946.

Passed the House of Representatives March 15, 1946.

Attest:

SOUTH TRIMBLE, Clerk.

Senator O'MAHONEY. It may be appropriate for the Chair to remark that the War Powers Act, as originally passed, consisted of 14 titles, with the fifteenth, which concerns the term during which it would be operative.

Of these 14 titles, 2 have already expired, titles VIII and XII. Titles VI and XI will expire on June 30, and these titles, namely, IX, X, and XIII have been replaced by permanent legislation. So that of the 14, there remain for consideration now only 7. The bill as passed by the House deals with these 7. They have been extended by this act to March 31, 1947, with the exception that title III, which deals with priorities, has been extended until June 30, 1947, with respect only to building materials.

The record therefore is that there has been not only a very rapid lifting of the controls which have been exercised over our economy during the war, but there has also been a 50 percent abandonment of the rigid provisions of the War Powers Act.

This, I think, is evidence of the purpose and intention of the Office of War Mobilization and Reconversion, CPA, and all the other agencies to return as rapidly as possible to the normal processes of our economy.

Mr. Snyder, we are very happy to have you here this morning to discuss the over-all situation as presented by this bill. The floor is yours.

STATEMENT OF JOHN W. SNYDER, DIRECTOR OF WAR MOBILIZATION AND RECONVERSION, ACCOMPANIED BY THOMAS I. EMERSON, GENERAL COUNSEL

Mr. SNYDER. Thank you, Mr. Chairman. I have a prepared statement. With your permission I will read it into the record.

Mr. Chairman and members of the committee, I am glad to have the opportunity to discuss with you the extension of the Second War Powers Act. The continuation of this authority is vital during this period of scarcities to assure the most efficient use of scarce commodities and services and to speed the reconversion of our economy.

The priority, allocation, and rationing controls which the Congress authorizes under the act are tools of the American people and tools of industry—tools indispensable in these difficult days when many things that we need are in extremely short supply, as they also are indispensable when quick and broad action is required to deal with severe national problems.

During the past few weeks we have seen unfortunate and serious examples of these problems—problems which have amounted to grave emergencies—but against which the administration could not have effectively proceeded if the Second War Powers Act had not been in force. I refer to the railroad, coal, and steel strikes, which have set back our reconversion schedule, and to the tragic food situation throughout the world.

Without the authority conferred by the Second War Powers Act, we could not have moved to assure the best use of our remaining transportation when the trains stopped on May 23. Under powers granted in the act, it was possible for the Government to allocate transportation facilities—air, land, and sea—and to mitigate as far as possible the effects of this catastrophic strike. These controls admittedly merely softened the effects of the strike—but without them, the situation would have been one of chaos.

Similarly, it has been possible to issue transportation orders and to invoke authorities under the Second War Powers Act to assure the best use of vital facilities when they have been severely curtailed by the coal strike. Without this act we would not have been able to allocate coal and to restrict its use through the brown-out so as to make sure that essential uses were provided for.

At the time the coal truce was called, before the mines were taken over by the Government, inventories of coal had been largely exhausted, and inventories of raw materials dependent upon coal were nearly gone. Once the miners returned to the pits, during the truce, it was necessary to provide careful allocation of the coal that was produced, so that utilities, transportation, hospitals, and essential industry could operate.

The loss of the coal resulted in a loss of steel production which, added to the loss as in the earlier steel strike, means a serious deficit in our steel supplies for the remainder of the year.

Despite the authority granted to the Government to cope with this situation, the effect of the strikes on production is to retard output over a considerable period.

Without the authority granted to the Government under the Second War Powers Act, the scramble for coal and for many products dependent on it might cause far more serious production dislocations than any we have yet experienced; might be an incentive to hoarding by those lucky enough to obtain supplies; might cause skyrocketing of prices as a result of the bidding of those desperate to get their share. The Second War Powers Act is in force, however, and we have as a result been able to reduce some of the production difficulties.

The war food orders which have been issued by the Department of Agriculture to make sure that the United States meets its commitments—and its moral obligations—to the hungry people of other lands also have been issued under authority granted by the Second War Powers Act.

Without it, special legislation would have been needed to provide for a greater extraction rate of flour from wheat. Without it, a special act of Congress would have been required to limit the wheat available to millers.

Without the Second War Powers Act, in fact, our role in meeting the world food crisis would have been one of words instead of one of action. As it is, the administration has been able in recent weeks to obtain a larger quantity of grain for export abroad and in the coming weeks we shall send more.

But the end of the world food crisis is not in sight. The United States has not yet scheduled its food exports for the new crop year which begins in July, and it is not yet known to what extent the exercise of special powers may be needed to obtain supplies to send abroad.

The famine next winter may be even more serious than that which now threatens. It is certainly important that we have the tools with which to deal with it in the coming years which may prove to be the most critical of modern times.

Last fall when President Truman signed the bill extending the Second War Powers Act until June 30 of this year, he was well aware that situations might develop which would point to a need for the act beyond that time. He said, "We know that our economy will be

'plagued with major war-born shortages 6 months from now and that the Government must have the means of dealing with these shortages. There must, therefore, be further legislation to cover the period after June 30, 1946.'

We have seen in the railroad strike, and in the coal and steel strikes, how radically conditions may change in a short time. We certainly will do all in our power to avoid future crises—but it would be irresponsible not to "keep our powder dry" by continuing the Second War Powers Act in force for another year so that we can handle emergencies that may occur.

As our economy stands today, we have a simple goal—to increase production as to provide for a higher standard of living through increased employment and increased consumption. But in many ways this simple purpose is harder to accomplish than a war production goal. For in war the Nation is mobilized; there is a driving, compelling incentive. In peacetime it is the American aim to provide a climate of competitive, free enterprise.

It is strictly within this concept that I am before you today to request the further extension for a full year of the Second War Powers Act. It helps in this day-by-day job as it helps in emergencies.

The authorities contained in this act are authorities by which the Government is enabled to assist business in reestablishing its peacetime pattern. They are authorities by which business and industry are assisted in obtaining scarce materials, and at the same time they are powers which help to guard the public against an increased threat of inflation.

For through channeling of materials to essential purposes and by limiting inventories, the public is better assured of an even flow of the goods that are available.

A refrigerator manufacturer, to make a typical example, must have steel; he must have fast-drying lacquers (for which chemicals are very scarce); he must have tinplate (for which both the tin and steel are very scarce); he must have copper tubing (for which both metal and fabricating facilities are scarce); he must have electric motors (for which windings and insulation are scarce). Today he needs emergency assistance from the Government so that he may keep in operation, employ his workers, and expand output of his badly needed product.

The Government through the Second War Powers Act helps him on three counts: (1) by acting to obtain all possible production of the scarce items he needs; (2) by preventing the dissipation of these materials into nonessential uses, or the preemption of the supply through hoarding and speculating; and (3) by channeling to his plant bottleneck items which are holding up production.

But there are other important reasons also for the extension of this act. As I have already said, in speaking of our food program, the Second War Powers Act gives us the authority through which we are enabled to meet our foreign commitments.

Through exercise of these powers also we share in the world-wide allocation of materials, such as leather. All the leather in the world today is under allocation. It is important that we retain this authority so that we may obtain supplies from abroad which are vital to reconversion—manila and other fibers for rope and burlap for instance.

As you are aware, it was through power exercised under this act that we administered our rationing programs throughout the war—dealer rationing of coal, for instance; and consumer rationing of automobiles, tires, and food.

Fortunately, we have been able to eliminate all rationing programs but one—sugar. However, the world supply of sugar still requires its most careful distribution, and prospects are that this situation will not change for some time.

While we sincerely hope that no further rationing will be necessary—and the Government assuredly will take all possible measures to prevent this necessity—it would be unwise at this time to withdraw the legal authority under which an emergency rationing program could operate.

When I appeared previously before the House Judiciary Committee with reference to this same subject, I stressed another point which I should like to repeat today. That is that early extension of the act is important. It is now only a little more than a month before this act would expire unless the Congress votes its further extension.

If there is not an immediate extension of the act, we can expect a disorderly scramble for goods on the part of producers, and for finished goods on the part of dealers. Price pressures would increase. The situation that would follow would dangerously disrupt the reconversion program, and would add a new and dangerous inflationary factor to the many already existing.

If, on the other hand, the Second War Powers Act is promptly extended, businessmen will have assurance that a disorderly scramble for short materials will be prevented.

Further, I should like to repeat my request that the extension be for a full year, instead of for the 9 months voted by the House. In any discussion of when to eliminate emergency controls, there is one basic consideration which cannot be lost sight of for a moment—the effectiveness of most controls is reduced some time before their legal expiration.

All would suffer from the deterioration of compliance, but the small businessman would be hardest hit. We all recognize our vital postwar need for new small business in this country—a need measured in the hundreds of thousands—and we are now urging veterans to face the future as proprietors of small businesses.

If we have their welfare at heart, we have no right to confront them with an impossible scarcity situation. Visualize for yourself the veteran newly launched in the radio and electrical repair business—one of the spots where we have the severest need for his services—if he were unable to purchase motors, or solder, or shellac, or wiring, or insulating materials, or a dozen other things he would have to have. While materials continue so scarce, we must have the authority to keep them moving and distribute them to the best advantage of our entire economy.

If this act were scheduled to expire next March, as the House has voted, we should have serious reasons to fear—reasons I have already dealt with—that effective enforcement of controls would begin to deteriorate by the end of this year, December 1946. March 1947 comes a scant 3 months after the Congress convenes in January 1947,

and there would be very little time to give detailed consideration to our emergency economic machinery.

Right now, therefore, is the time when we must consider whether this 3-month curtailment of the duration of the act is wise.

We are not asking for continuation in order to deal only with predictable shortages. This act confers very broad powers upon the administration; it is designed to meet the need for flexible and quickly adjustable control—not only in such general emergencies as those of the railroad and coal strikes and famine relief, but also during the readjustment of our economy in the thousands of small areas of stringency where the sudden lack of this material or that component causes great hardship to some industry and thus delays the reconversion progress.

There will come a time when most of these small but critical emergencies no longer occur because the economy will have moved into volume production and a generally higher level of supply, and when the output of basic commodities—such as steel, coal, food, and so forth—will meet our needs.

The shortages that we still have to deal with then will be foreseeable. When that time comes the administration's broad discretionary powers will no longer be needed. It may be that the Congress then will want to enact a few specific controls that are badly needed. The Second War Powers Act should be continued until that time.

As I told the House, and have said many times, we shall constantly review the powers exercised under the act, and we shall eliminate controls whenever in our best judgment the economy can operate without them.

Certainly, we hope that this time next year the Congress can withdraw this power, and legislate specific controls instead. For the present, however, the administration and the Congress have a duty to the people to safeguard to them a program for assisting production. We will use controls sparingly, and do not intend to reinstitute controls, or create new controls except for compelling reasons.

Senator O'MAHONEY. Mr. Snyder, may I ask you what the record has been with respect to the lifting of controls since the last extension of the act?

Mr. SNYDER. We have had a number of controls that we have been able to release. Most of them had been released prior to that time. The ones that were still in effect at the time of the last extension very largely had to be continued because they have been sifted down to those that were vitally essential, mostly for housing and textiles and things of that sort.

Senator O'MAHONEY. The housing situation has been such that it is necessary to maintain controls over all types of building materials.

Mr. SNYDER. Yes, sir; highly essential.

Senator O'MAHONEY. I remember when the matter was before the committee on the last occasion, a statement was placed in the record at my request showing the number of controls that were in effect VE-day and VJ-day, and thereafter.

I think probably it would be helpful if you would have such a statement prepared for inclusion in the record.

Mr. SNYDER. I would be pleased to show the ones that have been lifted since the last extension.

Senator O'MAHONEY. That is right. Then you might schedule the particular shortages in industries which have required the maintenance of controls.

Mr. SNYDER. Fine.

(The information is as follows:)

Title III activities

	Employees		Orders	
	Peak	May 1946	Peak	May 1946
Civilian Production Administration, War Production Board.....	23,000	¹ 3,136	700+	67
Office of Price Administration (Ration).....	27,055	1,937	16	2
Office of Defense Transportation.....	3,897	² 0	3,001	3
Solid Fuels Administration.....	700	491	13	16
Agriculture.....	1,000	800	³ 94	³ 53
Total, all agencies.....	55,652	6,364	3,824	³ 141

¹ Of which 150 are without compensation and dollar-per-year employees.

² No personnel assigned primarily to this work, which is handled incidentally by employees with other assignments.

³ These are basic orders. Two basic orders are suspended.

LIST OF COMMODITIES UNDER CONTROL

CIVILIAN PRODUCTION ADMINISTRATION

NOTE.—Regulations affecting the following categories of commodities in some cases apply to only part of the category, some govern manufacturing activities, some distribution, some only reporting.

Housing materials	Cotton, rayon, and wool textiles
Glass containers and closures	Hides, skins, and leather
Uranium	Vegetable tanning materials
Rubber and synthetic rubber	Iron and steel
Lead, tin, antimony, and scrap	Chemicals, including alcohol, molasses,
Electric power	potash, penicillin, and streptomycin
Men's, women's and children's apparel	Inventory controls
Burlap, kapok, cordage, and textile bags	

AGRICULTURE

Bakery products	Grain	Tea
Canned and processed food	Meats	Beans
Dairy products	Sugar	Honey
Fats and oils	Tobacco	Molasses
Fish	Fertilizer	Walnuts
Fruit	Feeds	Peanuts
	Spices	

OFFICE OF DEFENSE TRANSPORTATION

Loading of freight cars	Shipments to ports
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OFFICE OF PRICE ADMINISTRATION

Sugar	Meat slaughter
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SOLID FUELS ADMINISTRATION

Coal

Senator O'MAHONEY. I think that there can be no doubt that the general principle which you have outlined here, and which was stated the last time has been carried out, namely, that you desire to lift con-

trols as rapidly as the economic conditions of the country will permit. That continues to be the objective, does it not?

Mr. SNYDER. Yes, sir.

Senator O'MAHONEY. May I ask you one or two questions about the various titles?

Title I deals with the power of the Interstate Commerce Commission over motor and water carriers. Do you care to say a word about the necessity for continuing that specifically?

Mr. SNYDER. I think you have the War Shipping Administration here to go into greater detail on that.

Senator O'MAHONEY. Who is here to represent the War Shipping Administration?

Mr. SNYDER. Mr. Becker was to be here from War Shipping.

Senator O'MAHONEY. Title II deals with the acquisition and disposal of property.

As we passed the bill the last time, my recollection is that the provisions dealing with the acquisition of property were eliminated and that now it grants authority only with respect to disposal. Am I correct about that?

Mr. SNYDER. Yes.

Senator O'MAHONEY. Who is here to speak about that?

Mr. SNYDER. The Army and Navy.

STATEMENT OF CAPT. WILLIAM H. WEST, JR., LEGISLATIVE AND LIAISON DIVISION, WAR DEPARTMENT SPECIAL STAFF

Captain WEST. Senator, I can speak on that very briefly. If you want detailed information, however, I will have to get some engineers.

Senator O'MAHONEY. Give your name to the reporter, please, and make your statement right now.

Captain WEST. Capt. William H. West, Jr., Legislative and Liaison Division, War Department Special Staff.

Senator, as you stated, emergency acquisition provisions were eliminated. However, the War Department is still faced with a good many troublesome little problems in connection with contracting our establishments, and therefore, we need this continued authority in respect to disposition of properties.

For example, under our permanent statutory authority the War Department can only lease property for a maximum term of 5 years. That lease must contain a revocation clause enabling the Secretary of War to terminate the lease without notice at any time.

It also provides that the War Department is to maintain the premises, do all repairs and maintenance.

Now, there are various properties which the War Department cannot declare surplus because of military and other reasons they are what we might describe as stand-by properties.

However, it is possible to rent them on a short-term basis until we know exactly where we stand and get a pretty good rental out of them.

However, no industrial concern wants even a short-term lease whereby the Secretary of War, without notice to them, can recapture the

premises and terminate the lease. Also, it is quite possible to execute leases whereunder the industrial concern, the lessee is, if not willing, perhaps even anxious to take care of all the maintenance on the property during the term.

Senator O'MAHONEY. Briefly, then, I take it that this provision enables the War Department to handle in an efficient and economic manner properties which it cannot now declare surplus and which it could not lease under the permanent legislation. As a result of this provision, it is enabled to get an income for the Government and at the same time reduce the expenditures necessary by the Government to maintain the properties.

Captain WEST. I think that is very well stated, Senator.

Senator O'MAHONEY. Have you used in this power anything else?

Captain WEST. Yes, sir. At present there are various problems in connection with reallocation of utilities. A large ordnance plant might have been much curtailed in its production and various buildings might be no longer used, and it would be necessary to change utilities, wire, water, gas, perhaps even change railway spurs, and in order to do that, an easement would have to be given the railroad, and under this title we have a very effective and handy means of doing that. In that way, the thing is speeded up, and it is much less cumbersome.

Senator O'MAHONEY. Can you tell the committee how many leases have been made under this provision?

Captain WEST. No; Senator; I am not able to do that.

I can get you that information, if you wish it.

Senator O'MAHONEY. Would you be good enough to do that?

Captain WEST. Yes, sir.

Senator O'MAHONEY. I think it would be well to put in the record a statement showing in the aggregate, if you can, the number of properties which are likely to come under the jurisdiction of this provision, the number of leases which you have granted.

A statement also of the properties which have been declared as surplus and of those which are still being held, so that we will have a complete picture.

Captain WEST. Yes, sir.

(The information requested above is as follows:)

WAR DEPARTMENT,
OFFICE OF THE CHIEF OF STAFF,
Washington 25, D. C., June 4, 1946.

J. G. SOURWINE, Esq.

*Counsel, Senate Judiciary Committee,
United States Senate.*

DEAR MR. SOURWINE: Pursuant to Senator O'Mahoney's request at the subcommittee hearing on H. R. 5716 on May 31, 1946, and pursuant to my telephone conversation with you yesterday, I enclose figures furnished by the Office of the Chief of Engineers regarding the disposal of industrial plants by the War Department. We feel that these figures will clearly indicate the need for the continuation of the emergency disposal powers with respect to real estate contained in title II, Second War Powers Act.

Very truly yours,

WILLIAM H. WEST, Jr.,
*Captain, General Staff Corps,
Legislative and Liaison Division.*

Disposition of industrial plants owned by the War Department as of May 31, 1946

(a) Total number of plants owned or acquired.....	267
(b) Plants disposed of or in process of disposition.....	194
(c) Active plants or plants in standby status.....	73
(1) Standby plants which the Chief of Engineers has been directed to lease for commercial purposes.....	42
(2) Active plants and standby plants not to be so leased.....	31

Of the 42 plants which are to be leased for commercial purposes, four have been leased to date. Of the remaining 38 plants, negotiations for leasing are being conducted at the moment or plans for such action are being formulated. In most instances it is contemplated that the lessees will contract to provide maintenance and perform repairs.

Senator O'MAHONEY. What about the expiration there? The House passed it as of March 31.

Captain WEST. Yes, sir. The War Department is not asking for any more, sir. We will be very happy to see the bill enacted as it now stands.

Senator O'MAHONEY. Does that in substance cover the point of view of the War Department?

Captain WEST. Yes; it does, sir. There are other titles we are interested in, and I would like to explain to you, Senator, that various War Department agencies are interested in different titles, and for that reason it would not be possible to explain the War Department position in detail without a great deal of general officers, and with your sufferance, I will give you our general position on it, and if there is any information you wish, I would be glad to get it for you, if I can.

Senator O'MAHONEY. Perhaps it would be better to have you testify with respect to these other parts as we come to them.

Captain WEST. Very well, sir.

Senator O'MAHONEY. I am trying to put this record in such a form that we will have testimony concentrated on each title as we go.

STATEMENT OF J. HENRY NEALE, GENERAL COUNSEL, NAVY DEPARTMENT

Senator O'MAHONEY. Will you give your name, sir?

Mr. NEALE. My name is J. Henry Neale, General Counsel, Navy Department.

The Navy Department is interested in titles I, II, and III.

Senator O'MAHONEY. We may let you speak on I and II, now.

Mr. NEALE. With respect to title I, that deals with the Interstate Commerce Commission to authorize temporary interstate operation of certain bus lines. We need that in connection with certain Navy installations which are situated near State boundaries. For instance, our annex over in Arlington, which is a very large and active office of the Navy Department, houses the Bureau of Personnel and Marine Corps.

It is important to us to have authority with regard to the busses which serve that facility.

Also, the navy yard at Portsmouth, N. H., as a matter of fact, actually the main parts of the yard are in Kittery, Maine, and a large number of the employees at that yard come from both States, and we have had to have special bus lines operating during the war. There are one or two other facilities like that throughout the country, as a whole.

I think the Interstate Commerce Commission is primarily interested in title I, but the Navy would also like to see it extended.

With regard to title II, we join with the Army and for the same reasons that they have just stated. It is important to us with respect to the leasing of these plants which we have acquired under title II. The acquisition power we now no longer need, but in connection with the holding of the properties and the disposal of them, we do need title II.

It is important with respect to the execution of leases for a period which would be fixed without being provided in the general law that we must have a license returnable at any time by the Government, and, of course, no industrial company or tenant is interested in taking a lease subject to termination overnight.

The same provisions also apply with respect to the relocation of facilities and roads, and in connection with the granting of easements and other matters which would help to straighten out the title of lands which we have acquired under the act.

With respect to the time within which we would like to see the act extended, we reported to the House on June 30, 1947. We go along with Mr. Snyder's statement with regard to the extension of the act until that time.

Of course, if we cannot get that much, then March 31, 1947, will be all right, too, but we do think it important to have it for at least as long as we possibly can, or until we get legislation with respect to this leasing.

I might say we have proposed working with the Army in connection with permanent legislation regarding leasing and that proposed bill is now over in the Bureau of the Budget for comment. Of course, we do not know whether that will be acted on, or not, but if it is, we will not need title II anymore, but until it is, and if it should be decided that it is not to be made permanent, we would like to have this until we get rid of the major part of the war acquisitions.

Senator O'MAHONEY. The problem of real property acquired by the Government during the war is of course one of the most difficult problems that confronts the War Assets Administration.

I have reason to know that that agency has not as yet been able to come to a complete conclusion as to what should be done. I think it very wise that both the Army and the Navy should consider the drafting of permanent legislation.

Is there any question with respect to titles I and II?

Senator HUFFMAN. I have no questions.

Senator O'MAHONEY. We will skip title III just a moment, because that is the burden of this bill, and go to title IV.

We have the General Counsel of the Federal Reserve Board, Mr. Vest, here.

STATEMENT OF GEORGE B. VEST, GENERAL COUNSEL, FEDERAL RESERVE BOARD

Mr. VEST. I have a brief statement on behalf of the Board, Mr. Chairman, which I would like to offer for the record.

Shall I read the statement?

Senator O'MAHONEY. If you please.

Mr. VEST. Title IV of the Second War Powers Act authorizes the Federal Reserve banks to purchase directly from the Treasury obligations of the United States, with the proviso that the amount held at any one time shall not exceed \$5,000,000,000.

It should be noted that purchases and sales of Government obligations can be made by the Federal Reserve banks either in the open market or directly from the Treasury only by direction of the Federal Open Market Committee, which consists of the members of the Board of Governors and of five representatives of the Federal Reserve banks.

The guiding principle for open-market operations is stated in the law in the following language:

The time, character, and volume of all such purchases and sales shall be governed with a view to accommodating commerce and business and with regard to their bearing upon the general credit situation of the country.

The authority for direct purchases (which expires on June 30, 1946) should be extended for the following reasons, among others:

1. Treasury transactions unavoidably will have to be large for some time to come, particularly in connection with the refunding of the Government debt.

2. The direct buying authority provides the Treasury with a source to which it can turn for funds in substantial amount on little notice to meet temporary situations and contingencies that might arise in the uncertain postwar period.

3. In the absence of this power for use in such cases the Treasury would be obliged to make arrangements by which its securities would be sold to dealers in the market with the assurance that they would be repurchased by the Reserve banks. This procedure not only would be inconvenient and troublesome but would increase the expense of the operation without serving any useful purposes.

4. It is a flexible mechanism to ease the money market in periods of heavy drain, as for example, around income-tax dates. By borrowing from the Federal Reserve banks and expending those funds prior to tax dates the Treasury puts funds into the market; as the taxes are received these special borrowings are reduced in amount and soon retired.

5. It avoids the necessity of having the Treasury offer Government obligations for sale on the open market at a time when the market might be uncertain and an additional public offering might add to the confusion of the market and do harm to the Government's credit and to the holders of outstanding Government obligations.

6. Such purchases have been made principally to avoid temporary declines in member bank reserves around income-tax dates and to supply funds to the Treasury pending receipts from taxes or new issues of securities.

7. The Treasury can operate with a smaller cash balance than might be necessary if it were required to carry a balance sufficient to provide for all possible contingencies thus effecting an interest saving to the Treasury.

Since this act was approved on March 27, 1942, it has only been used occasionally and for brief periods, the attached table showing the dates and amounts of Treasury certificates so purchased by the Federal Reserve banks.

That table shows that the authority has been used on a number of occasions.

Senator O'MAHONEY. Is this the same table that you inserted in the House?

Mr. VEST. Yes, sir.

Senator O'MAHONEY. That terminates September 10, 1945.

Mr. VEST. There have been no purchases since then.

Senator O'MAHONEY. There have been none?

Mr. VEST. That is right.

Senator O'MAHONEY. Will you be good enough to make that notation in the record so that the table will be complete? That is, to the latest possible date?

Mr. VEST. Yes, sir.

(The table is as follows:)

Holdings by the Federal Reserve banks of special short-term Treasury certificates purchased directly from the Treasury since March 1942

Date	Amount	Date	Amount
1942:		1943—Continued	
June 16.....	\$58,000,000	Mar. 18.....	\$836,000,000
June 19.....	70,000,000	Mar. 19.....	778,000,000
June 20.....	47,000,000	Mar. 20.....	768,000,000
June 22.....	34,000,000	Mar. 22.....	603,000,000
June 23.....	94,000,000	Mar. 23.....	700,000,000
Sept. 15.....	324,000,000	Mar. 24.....	512,000,000
Sept. 16.....	189,000,000	Mar. 25.....	432,000,000
Sept. 17.....	286,000,000	Mar. 26.....	384,000,000
Sept. 18.....	76,000,000	Mar. 27.....	304,000,000
Sept. 19.....	53,000,000	Mar. 29.....	104,000,000
Nov. 27.....	139,000,000	Mar. 30.....	40,000,000
Nov. 28.....	329,000,000	June 15.....	805,000,000
Nov. 30.....	422,000,000	June 16.....	659,000,000
Dec. 1.....	98,000,000	June 17.....	350,000,000
Dec. 10.....	16,000,000	June 18.....	256,000,000
Dec. 15.....	145,000,000	June 19.....	212,000,000
1943:		Sept. 8.....	11,000,000
Jan. 29.....	115,000,000	Sept. 9.....	126,000,000
Jan. 30.....	202,000,000	Sept. 10.....	243,000,000
Mar. 2.....	3,000,000	Sept. 11.....	246,000,000
Mar. 4.....	174,000,000	Sept. 13.....	214,000,000
Mar. 5.....	354,000,000	Sept. 14.....	179,000,000
Mar. 6.....	543,000,000	Sept. 15.....	424,000,000
Mar. 8.....	591,000,000	Sept. 16.....	258,000,000
Mar. 9.....	648,000,000	1945:	
Mar. 10.....	632,000,000	Mar. 15.....	4,000,000
Mar. 11.....	790,000,000	Dec. 4.....	107,000,000
Mar. 12.....	940,000,000	Dec. 5.....	318,000,000
Mar. 13.....	1,043,000,000	Dec. 6.....	374,000,000
Mar. 15.....	1,302,000,000	Dec. 7.....	484,000,000
Mar. 16.....	1,250,000,000	Dec. 8.....	484,000,000
Mar. 17.....	981,000,000	Dec. 10.....	202,000,000

(None purchased since December 1945.)

Senator O'MAHONEY. The authority extended to \$5,000,000,000 outstanding, does it not?

Mr. VEST. Yes, sir.

Senator O'MAHONEY. What has been the nearest to that?

Mr. VEST. It was \$1,300,000,000.

Senator O'MAHONEY. What is the amount now?

Mr. VEST. There are none now, sir.

Senator O'MAHONEY. Does it seem likely to you that this power will have to be used, nevertheless, in the next year?

Mr. VEST. We think it may have to be used occasionally, not directly.

I think the position of the Board is that they would like to see it extended for whatever period may be on the rest of the bill.

Senator O'MAHONEY. What effect does this power have upon the general control of the money supplied? The Federal Reserve Board is trying to control the money supplied, is it not?

Mr. VEST. Of course, this restriction relates only to the purchases directly from the Treasury. The banks have, in any event, the power to go out into the open market and buy and to effect the money supply in that way, regardless of this power to purchase directly from the Treasury. This is merely a matter of convenience and possible saving to the Treasury.

Senator O'MAHONEY. Is there any objection in financial circles to the continuance of this power?

Mr. VEST. I am not aware of any. I do not know if I am qualified to say.

Senator O'MAHONEY. I think as counsel of the Federal Reserve Board you would know if there were any vigorous opposition.

Mr. VEST. I have not heard of any.

Mr. SNYDER. I have not heard of any.

Senator O'MAHONEY. Are there any other questions?

Mr. Counsel, do you have any questions?

Mr. SOURWINE. I have no questions.

Senator O'MAHONEY. Title V. This deals with the waiver of navigation inspection laws.

Mr. SNYDER. The Navy now has permanent legislation on that subject. We have asked a representative of the Treasury to present the Coast Guard's reasons for continuing this particular title.

Senator O'MAHONEY. So that as far as the Navy is concerned, this title is no longer necessary?

Mr. NEALE. That is right. We asked for it last fall, but we have no need of permanent legislation. The Coast Guard has since been transferred to the Treasury Department, so we are out of the picture entirely and do not need title V.

STATEMENT OF HUGO A. RANTA, GENERAL COUNSEL'S OFFICE OF THE TREASURY DEPARTMENT

Mr. RANTA. My name is Hugo A. Ranta, General Counsel's Office of the Treasury Department.

Title V, as the chairman has stated, relates to the waiver of navigation and inspection laws. The Coast Guard is still interested in a continuation. The demand for ships continues high at the present

time due to the continued carrying of troops and due to the large shipments of foodstuffs and clothing that are being shipped at the present time to famine-stricken countries.

Also families of service personnel are being shipped to foreign countries, and war brides and children from foreign countries are being brought to this country, so that shipping continues high, and in order to fulfill those demands for shipping, it is not possible to comply with all the navigation and inspection laws as yet.

Personnel to man the ships is difficult to obtain, and in cases some of the requirements that prevail as to qualifications of personnel manning ships are not possible to fulfill.

Senator O'MAHONEY. If the newspaper reports it correctly that personnel difficulty may become more stringent in the future.

Mr. RANTA. That is right.

So it is the Treasury Department's recommendation that this power be continued.

Senator O'MAHONEY. What about the date?

Mr. RANTA. In the hearings before the House Judiciary Committee, there is a letter which urges an extension for 1 year, and if possible, we would still prefer to have a 1-year extension.

Senator O'MAHONEY. Are there any questions?

Senator HUFFMAN. No.

Mr. SNYDER. The War Department would like to be heard on this title.

Senator O'MAHONEY. Very well.

Captain WEST. For purposes stated by the Treasury Department representative, the War Department also desires extension of title V.

The Transportation Corps, as you know, is still operating a good many bottoms, and I think they have had particular difficulty with those that were converted from cargo carriers to troop carriers. I believe they will discount their use as rapidly as possible.

At this time some are still being used.

Senator O'MAHONEY. Has there been any experience during the war with respect to the transportation of personnel, or materials which indicates that the waiver of the navigation laws has produced any difficulty?

Captain WEST. Not produced difficulty, sir. They facilitated our movement of troops and supplies.

Senator O'MAHONEY. Of course, the purpose of these rules which are being waived is to promote safety at sea.

Captain WEST. Yes, sir.

Senator O'MAHONEY. What has been the record of transportation with respect to safety under the exercise of this power?

Captain WEST. Sir, I think the Army's record there speaks for itself. We transported—well, I hesitate to give the figure—but, roughly, 7,000,000 men since VE-day, men coming back from overseas and replacements going out.

To my knowledge, we have not had a single catastrophe although operating conditions have been very adverse, particularly in the North Atlantic. In that connection, the Navy and the Coast Guard deserve the greatest praise.

Senator O'MAHONEY. I wanted that in the record because it is clear evidence that the power has been carefully used.

Captain WEST. Yes, sir.

Senator O'MAHONEY. Does that complete your statement?

Captain WEST. Unless you have any questions.

Senator O'MAHONEY. I think not.

Captain WEST. I would like to say that the War Department, for reasons already stated, is in favor of continuing title I, sir. That was covered by the Navy representative.

Senator O'MAHONEY. Does anybody else care to have anything to say on title V?

Mr. SNYDER. I think that is all.

Senator O'MAHONEY. Did War Shipping want to say anything?

(No response.)

Senator O'MAHONEY. Title VI is one of the titles which will come to an end as of June 30.

Mr. SNYDER. That is correct.

Senator O'MAHONEY. It was extended by the last extension and a permanent law was also passed making the same provisions until the 30th of June.

Mr. SNYDER. Yes, sir.

Senator O'MAHONEY. And you are not asking for any extension now?

Mr. SNYDER. No, sir; we are not.

Senator O'MAHONEY. The next is title VII, with respect to political activity. This is the provision which suspends the Hatch Act so far as boards of selective service, rationing, and others are concerned.

Mr. SNYDER. Yes, sir.

Briefly, I do not think that will require any testimony because if we are to extend title III, we will need title VII to carry that out.

Senator O'MAHONEY. Title VIII is one of those which have already expired.

Mr. SNYDER. Yes, sir.

Senator O'MAHONEY. Title IX has been replaced by permanent legislation.

Mr. SNYDER. Yes, sir.

Senator O'MAHONEY. And also has title X.

Mr. SNYDER. Yes, sir.

Senator O'MAHONEY. Title XI will expire as of June 30, 1946.

Mr. SNYDER. Yes, sir. We are not asking for its extension.

Senator O'MAHONEY. But it is repealed by the act before us.

Mr. SNYDER. Yes, sir.

Senator O'MAHONEY. That means that title XI goes out of existence altogether. That was the one by which conditional gifts could be accepted by the Treasury.

Mr. NEALE. Mr. Chairman, the Navy had asked for that last fall. We do not want that anymore.

Senator O'MAHONEY. Then we come to title XII. That title has already expired.

Title XIII had to do with inspection of war contracts. That has been transferred to permanent legislation.

Title XIV deals with the utilization of war information.

Mr. SNYDER. We have asked a representative of the OPA to testify on that.

STATEMENT OF FRANK S. KETCHAM, ASSISTANT GENERAL COUNSEL OF THE OFFICE OF PRICE ADMINISTRATION

Mr. KETCHAM. My name is Frank S. Ketcham, assistant general counsel of the Office of Price Administration.

The Office of Price Administration is keenly interested in the extension of titles III and VII, as well as title XIV to which I shall now address myself.

Title XIV permits the Secretary of Commerce to make available to other agencies of the Government under rules to be prescribed, certain information which he would not otherwise be permitted to disclose because of other provisions of law.

Under this title we have been furnished by the Department of Commerce certain information which has been invaluable to us in the administration of the stabilization program.

Had we not been able to obtain this data from the Department of Commerce we would have had to collect it ourselves at considerable expense and by unnecessary duplication of many of the activities of that Department in collecting information.

For your information I have picked out certain samples of the type of projects that we use in getting information from the Department of Commerce. A typical one, we obtained figures on all shoe wholesalers in the United States in 1939 from the Bureau of the Census, name and address of company, dollar sales and dollar sales to each class of customers.

We use these names and other information in order that we can select representative companies in setting up our industry advisory committee, so that we know what companies are in a particular industry, and so that we can expeditiously handle their pricing problems and various other problems that they have.

Without this title we would have to duplicate what the Department of Commerce is doing with respect to certain basic information.

Senator O'MAHONEY. I understand, Mr. Ketcham, that under the powers which the OPA has it would be possible for you to get this information, and therefore by having the power to resort to the information in the Bureau of the Census, it becomes unnecessary for you to set up an organization that would get the same information.

Mr. KETCHAM. That is correct.

Senator O'MAHONEY. There was a letter presented to the House committee from Mr. Porter, addressed to Congressman Hobbs, under date of March 7, 1946, giving a list of requests for confidential information, which were made to the Department since January 1, 1945.

That letter, of course, I take it, sets forth the full information on this point.

Mr. KETCHAM. Yes, sir.

Senator O'MAHONEY. Is there anything else you have to add?

Mr. KETCHAM. Not unless you have some questions.

Senator HUFFMAN. As long as OPA is in existence, it will get this service, or have to secure it for itself.

Mr. KETCHAM. Yes, sir.

Mr. SNYDER. The CPA would like to be heard on this, Senator.

STATEMENT OF JOHN D. SMALL, ADMINISTRATOR, CIVILIAN PRODUCTION ADMINISTRATION, ACCOMPANIED BY J. DAVISON, ASSISTANT GENERAL COUNSEL, AND ROBERT TURNER, BUREAU OF INTERNATIONAL SUPPLY

Senator O'MAHONEY. The committee is very glad to welcome you here, Commodore, having knowledge of the very difficult job that you have to perform.

Mr. SMALL. Thank you, sir.

On title XIV we would like to endorse the position taken by OPA for the reasons that they have expressed. We would have to collect a great deal of this information ourselves that is now available through the Bureau of the Census.

Senator O'MAHONEY. Mr. Snyder, I was about to inquire of you with respect to your testimony that there are three special counts upon which you believe that the War Powers Act should be extended to enable the Government to carry on its present task.

They were: (1) By acting to obtain all possible production of the scarce items needed.

Mr. SNYDER. Under that, Senator, we can, through the CPA, channel raw materials into certain industries where we have bottlenecks, and we need particular scarce items. We can produce those by channeling raw materials into those specific plants, in the way of textiles and other items of that sort.

Senator O'MAHONEY. The other two apparently also have to do with the operation of CPA.

Mr. SNYDER. Yes, sir.

Senator O'MAHONEY. Prevention of dissipation of materials.

Mr. SNYDER. We have that under inventory controls.

Senator O'MAHONEY. Then perhaps instead of asking you to give the committee examples of that, we will ask Commodore Small to tell the story.

I appreciate the fact, Mr. Snyder, that you have other tasks to perform. If you have nothing else to add, the committee will be very glad to excuse you.

Mr. SNYDER. I appreciate that, sir, but I want to stay for all questioning that you will have.

Senator O'MAHONEY. Do you have any questions, Senator?

Senator HUFFMAN. No, sir.

Senator O'MAHONEY. Commodore, would you be good enough to come up here? We will now proceed to the discussion of title III and related titles.

Mr. SMALL. I have a prepared statement, which I would like to read. I will be glad to answer any questions as I go along or after reading the statement.

Senator O'MAHONEY. You may proceed with your statement.

Mr. SMALL. Mr. Chairman and members of the committee:

I am glad to have this opportunity to tell you why we at the Civilian Production Administration believe that the Second War Powers Act should be extended. As you know, the CPA and its predecessor, the War Production Board, have exercised priorities and allocations functions under title III of this act.

It has been and continues to be the policy of the Civilian Production Administration to remove controls as rapidly as possible, and to let industry move ahead under the American system of free enterprise.

I want to emphasize that I personally am a firm believer in free enterprise. I believe that our permanent prosperity must be founded on the ingenuity, initiative and energy of private business.

I am sure that the other responsible officials in CPA, nearly all of whom are businessmen themselves, agree with me. We favor the removal of controls just as soon as they can safely be taken off, and in case of doubt we prefer to drop controls too early rather than too late.

Immediately after VJ-day many of us believed that in nearly all cases the need for assisting industrial reconversion through government controls would be over by this summer. If industry and labor had put their shoulders to the wheel and concentrated on production, our hope of last year might have been realized by now.

Unfortunately, instead of 8 months of steady work, we have had 8 months of uncertainties, 8 months of production by dribbles and spurts, 8 months during which labor and management jockeyed for position instead of pulling together.

The 8 months have been climaxed by the coal and railroad strikes, which have strangled our entire economy. Other strikes are in progress or are threatened in a dozen basic fields. At least one threatened strike, that of the maritime workers, could hurt the Nation seriously.

The effect of the coal strike, in itself a major catastrophe, was intensified by the recent railroad strike which both in its postponed and actual versions served to reduce materially the amount of coal that was made available to industry during the 2 weeks' operating truce in the coal mines.

The dislocations caused by the stoppage of these vital supplies cannot be made up in the near future. The diastrous effects of the coal strike on the economy cannot be calculated at this time.

We can be sure, however, of an intensified crisis for months to come in all fields of production. The inevitable result of all this has been to aggravate our shortages of materials, to intensify our reconversion problems, and to push further into the future the date on which controls over production and distribution may safely be dropped.

We have been forced to continue a good many controls which, if production had been allowed to go ahead in a settled atmosphere, might have been abandoned by now. It has also become necessary to institute new construction controls and place restriction on the use of building materials in order to permit the veterans' emergency housing program to have a first claim on the available building materials.

As I shall point out later, we have not attempted to halt all construction which is not in the veterans' emergency housing program, but in order to permit that program to go ahead we have had to squeeze out around \$2,000,000,000 worth of construction from a total of between 14 and 15 billion dollars that would normally have gone ahead had there been no controls and sufficient building materials on hand.

It has also been necessary in the interests of low-cost garment programs and industrial and agricultural requirements for textiles, to introduce a number of additional controls. The need for these was not apparent when I testified before this committee late last year.

In addition to these activities, we have set up a simple priorities system covering items in short supply. Under Priorities Regulation 28 and its companion regulation for textiles, 28A, CC ratings have been issued to break bottlenecks in practically all industries. Valuable assistance has been rendered to the textiles, food, industrial machinery, iron and steel, wholesale trade, building materials, automotive industries and others.

Assurance of military supplies: While the volume of military procurement is now extremely small, compared with the period up to VJ-day, there are still requirements for our forces of occupation overseas and for servicemen pending demobilization. There are instances where priorities assistance is necessary and should be maintained to make certain the fulfillment of these needs.

Functions of the CPA: With this background, I should like to explain briefly the functions which we are now carrying on and those for which we anticipate there will still be a need after June 30, 1946.

Speaking for this agency, we would propose in no case to exercise this authority beyond the time during which the need is clearly evident; and furthermore, to exercise it as sparingly as possible. In addition, we do not propose to reinstate controls, or set up new controls, except for the most urgent and compelling reasons.

Executive Order 9638, dated October 4, 1945, created the Civilian Production Administration and transferred to it the functions and powers of the War Production Board. The executive order directed a swift and orderly transition from wartime production to a maximum peacetime production in industry free from wartime Government controls, with due regard for the stability of prices and costs; and, more specifically, it directed the CPA to: (1) Expand production of materials which are in short supply; (2) limit the manufacture of products for which materials or facilities are insufficient; (3) control the accumulation of inventories so as to avoid speculative hoarding and unbalanced distribution which would curtail total production; (4) grant priority assistance to break bottlenecks which would impede the reconversion process; (5) facilitate the fulfillment of relief and other essential export programs; and (6) allocate scarce materials or facilities necessary for the production of low-priced items essential to the continued success of the stabilization program of the Federal Government. Examples of how this is being carried out are the veterans' emergency housing program and the low-cost clothing program.

I want to take these up in order and illustrate under each heading some of the problems which we now have and which will still exist after June 30, 1946.

(1) Expansions of materials in short supply: This activity is not only important from the point of view of the benefits to producers and employees, but the expansion of production of scarce materials is the most complete answer to the threat of inflation.

This is the field in which the Civilian Production Administration can make an important contribution to reconversion.

Since some of our most critical material bottlenecks are the result of the world-wide shortages of materials which cannot be produced in this country, the steps CPA takes to increase imports of scarce materials help the whole industrial economy.

Since the passage of the Patman Housing Act, which provides for the veterans' emergency housing program, some question may have arisen as to the need for the extension of the Second War Powers Act for 1 year after June 30, 1946. The power given the Housing Expediter covers only a limited field of building materials and supplies activities, and does not suffice to cover the major production problems of the basic material-producing industries.

Senator O'MAHONEY. Do you have a list of the materials and supplies covered by the Housing Act and those which you say are not covered by it, but which are equally necessary to attain its objectives?

Mr. SMALL. If I understand the Senator's question correctly, in the broad field of our industrial economy, there are hundreds of thousands of items.

Quite a large number go into housing, but a great many more are not involved in housing.

Senator O'MAHONEY. Yes. Your sentence is couched in general terms.

The power given the Housing Expediter covers only a limited field of building materials and supplies activities and does not suffice to cover the major production problems of the basic material-producing industries.

Now, I take that to mean that even in housing there are certain basic materials which are not covered by the Housing Act.

Mr. SMALL. I would say so.

Senator O'MAHONEY. And that outside of the housing field, there are basic industries which must be covered and can only be covered at the present time by an extension of that act?

Mr. SMALL. That is right.

Senator O'MAHONEY. Could you give us a list of the materials to be inserted in the record?

Mr. SMALL. Yes, we could.

Senator O'MAHONEY. I think it would be very helpful to the consideration of the measure.

(The list is as follows:)

USE OF ALLOCATIONS AND PRIORITIES POWERS IN THE VETERANS' EMERGENCY HOUSING ACT OF 1946 AND IN THE SECOND WAR POWERS ACT IN CONNECTION WITH THE HOUSING PROGRAM

Section 4 (a) of the Veterans' Emergency Housing Act of 1946 reads as follows:

"Whenever in the judgment of the Expediter there is a shortage in the supply of any materials or of any facilities suitable for the construction and/or completion of housing accommodations in rural and urban areas, and for the construction and repair of essential farm buildings he may by regulation or order allocate, or establish priorities for the delivery of, such materials or facilities in such manner, upon such conditions, and to such extent as he deems necessary and appropriate in the public interest and to effectuate the purposes of this Act."

Title III of the Second War Powers Act provides, in part, as follows:

"Deliveries under any contract or order specified in this subsection (a) may be assigned priority over deliveries under any other contract or order; and the President may require acceptance of and performance under such contracts or orders in preference to other contracts or orders for the purpose of assuring such priority. Whenever the President is satisfied that the fulfillment of requirements for the defense of the United States will result in a shortage in the supply of any

material or of any facilities for defense or for private account or for export, the President may allocate such material or facilities in such manner, upon such conditions and to such extent as he shall deem necessary or appropriate in the public interest and to promote the national defense."

Certain materials and facilities are clearly subject to allocation or the establishment or assignment of priorities under either statute. These would include the following: Construction lumber, millwork, construction grades of plywood, hardwood flooring, brick, structural tile, radiation, furnaces, soil pipe, sewer pipe, gypsum board and lath, nails, plumbing facilities, roofing and siding materials, cement, builders' hardware, paint, lighting fixtures.

There are certain materials which are clearly not covered by the Patman Act but which are of vital importance to the community at the present time because of acute shortages resulting from inadequate domestic production or because certain items are principally or entirely imported and there is a world-wide shortage. Controls must be exercised over these materials, particularly those imported from abroad, in order to secure an equitable distribution throughout the United States civilian economy. These articles would include the following: Chemicals (except chemicals going into paint and the like); textiles (except such textiles as might be used for wrapping wire, packing cement, etc.); drugs; leather; lead (except lead for paint and solder); fibers for cordage; hides and skins; rubber; tin (except for solder); uranium.

Uranium is exclusively allocated to the United States Government because of its role in the manufacture of the atomic bomb.

The language of the Patman Act is not clear in indicating how far the Expediter's priority and allocation controls may be applied on materials or facilities which may have an incidental effect on a construction program but would not be directly and immediately involved in the construction of any house or building suitable for veterans' apartments or essential farm buildings. Basic materials such as pig iron are necessary for the manufacture of equipment to be installed in a house but in itself pig iron is not suitable for construction. Certain types of trucks, bulldozers, tractors, steam shovels, are needed to get out the supplies of raw materials which will later be incorporated into building materials but neither these facilities nor the materials which they will produce in unfinished form are suitable for construction.

Because an extensive interpretation of the powers under the Patman Act would make compliance very difficult and might require a large number of lawsuits to establish the full extent of the controls (lawsuits which would cover a period of time well in excess of the duration of the act itself), it is essential that the powers under the Second War Powers Act, title III, which clearly fit in and, if in conflict, would supersede the priority powers under the Patman Act, should be extended to cover the period when the mobilization of building materials for the housing program will require priorities or allocations assistance.

Listed below are typical areas where various types of materials and facilities, needed to carry out the housing program, are not clearly covered by the Veterans' Emergency Housing Act of 1946. Therefore, to avoid any gap in legal authority which might result in a complete disruption of the flow of building materials, it is necessary to have an extension of title III of the Second War Powers Act.

1. *Raw Materials and processors.*—In this area it is essential that scarce items be allocated to the producers and processors of the raw materials from which building materials are made. This would include mining equipment, such as compressors, drills, hoists, trucks, etc.; tractors, bulldozers, cranes, trucks, and other equipment used in logging operations and in the construction of access roads to standing timber; various types of machinery, equipment, and supplies needed by processors of such raw materials into primary products used by producers and manufacturers of building materials.

2. *Production or manufacture.*—In this area would be included machinery, equipment, materials, and other items which are urgently needed for the production or manufacture of building materials and equipment. Examples of items which fall into this category would be various types of woodworking machinery; stamping machines to produce fabricated panels or component parts of houses.

3. *Transportation.*—In this area many kinds of materials and equipment are required to move raw materials to the processor, from the processor to the producer or manufacturer of materials and from the point of production or manufacture to the distributor or wholesaler. These would include trucks; railroad equipment and supplies, such as rail, trucks, brake shoes, ties, switch machines, electrical equipment, etc.

4. *Distributors or wholesalers.*—In this area typical examples would be those kinds of machinery and equipment needed by distributors and wholesalers of building materials, such as cranes, hoists, derricks, and other heavy moving equipment.

Mr. SMALL. Without the power under the Second War Powers Act to give spot assistance to the producers of basic materials, premium payments cannot achieve the production goals which the current building program has now made necessary.

Moreover, there is a field of competition between vitally needed civilian uses, such as brake shoes for railroad cars, and housing needs for cast-iron soil pipe, iron radiation and hot-air furnace ducts, which also require pig iron.

Some authority must be authorized to provide priority assistance and in emergencies issue directives allocating materials to the most important plants producing materials used in the housing program.

Without the power of the President under the Second War Powers Act now exercised by the Administrator of the Civilian Production Administration, an intense competition would result with the housing program losing out in many quarters and vital public services or key industries being crippled in others for lack of adequate legislative authority.

Senator O'MAHONEY. You see how important it is to amplify that statement by a list of specific commodities of materials?

Mr. SMALL. Yes.

The possible dislocation to the entire industrial organization which might be brought about by too great a concentration on the housing program is recognized in the Patman Act itself, which provides that all of these powers must be subject to the powers of the President under the Second War Powers Act. For that reason, the President must have adequate powers to keep the economy from getting out of balance.

Senator O'MAHONEY. Will you give me the citation to that provision of the Patman Act?

Mr. SMALL. Yes.

Senator O'MAHONEY. That will be inserted in the record at this point.

(The citation is as follows:)

MEMORANDUM RE POWERS OF THE PRESIDENT UNDER THE SECOND WAR POWERS ACT
IN RELATION TO THE PATMAN ACT

In the statement submitted to the Subcommittee on Judiciary on May 31, 1946, Mr. Small pointed out that the Patman Act recognized that the powers of the President under the Second War Powers Act with respect to priorities and allocation of materials and facilities in short supply must be construed as not in any way affected by the priorities powers in section 4 (a) and (b) of the Patman Act. This is clearly indicated by the language in subsection (c) which reads as follows:

"The provisions of this section shall not be construed as in any way affecting the power of the President to assign priorities or to allocate any materials or facilities under the provisions of subsection (a) of section 2 of the act of June 28, 1940, entitled 'An act to expedite national defense, and for other purposes' (50 U. S. C. 633), as amended."

[Mr. Small's statement has a phrase which may be subject to misinterpretation, namely, "is recognized in the Patman Act itself, which provides that all of these powers must be subject to the powers of the President under the Second War Powers Act." The words "all of these powers" were intended to refer to the priorities and allocation powers and not

to any other specific powers, as distinguished from policies, set forth in that act. The powers of the President, under title III of the Second War Powers Act, are delegated directly to the Administrator of the CPA for matters connected with the mobilization of building materials and are subject only to general policy of the OWMR and the Housing Expediter. The War Mobilization Act made it quite clear that the Director of OWMR had no operating authority under the constituent acts giving powers to the various war agencies.]

Mr. SMALL. (a) Building materials: Most building-materials producers were operating at extremely low levels when the war ended. Many plants had become war casualties. By the combined efforts of industry, labor, and the several Government agencies, we have been able to get substantial increases in many of these items, such as brick, cast-iron soil pipe, clay structural tile, gypsum board, cast-iron radiation, and certain plumbing items.

While much of this increase has been accomplished through the voluntary cooperation of everyone involved, the selective use of our priorities powers is resulting in the prompt channeling of capital equipment, production materials, and operating supplies to producers of critical building materials.

Similarly, manufacturers of specialized equipment needed by the producers of these critical products are being given priorities assistance to help them maintain or expand their production of equipment.

Despite the increase in the production of building materials since VJ-day, the current output of many of the key construction materials is more than 20 percent below the level necessary to meet the requirements of the veterans' emergency housing program of 2,700,000 starts of dwelling units in 1946 and 1947. Utilizing the authority granted us under the Second War Powers Act, we are making good headway toward these goals.

In the case of two materials—lumber and plywood—I would like to point out to you how serious are the problems we face:

Lumber: The veterans' emergency housing program and many other essential reconversion activities will probably be delayed by the shortage of lumber.

Total requirements in 1946 are estimated at more than 36,000,000,000 board feet, or about 20 percent greater than the estimated supply of 30,000,000,000.

The contraseasonal upward movement, which began in January and continued in February, must be extended further if we are to exceed 30,000,000,000 feet this year.

Production during March and April improved despite such retarding factors as bad weather, labor shortages in some sections of the country, equipment shortages, lack of accessible stumpage at reasonable prices, and a strike tying up 86 percent of California redwood production.

We have been attacking the problem of increasing our lumber supply with every means at our command. For example, we give producers assistance in obtaining necessary equipment.

Softwood plywood: With the housing program calling for 1,200,000,000 square feet for the same period, output of this material at the

present rate will fall short of the 1946 demand by nearly 1,000,000,000 square feet or by more than 40 percent.

Production of plywood in the first quarter of 1946 is estimated at slightly over 300,000,000 square feet, the same rate as prevailed in 1945 when total production for the year was 1,200,000,000 square feet. The supply is not expected to exceed 1,500,000,000 square feet in 1946 even under the most favorable circumstances.

We may get it up above that, but not anywhere near what we could use.

Measures being considered to increase production are: (1) The establishment by industry of additional green veneer mills at or near the source of logs; (2) the execution of a program to expand access roads to reach new sources of supply in publicly owned timber stands; (3) the construction of new plant capacity and the relocation of existing plants in areas where peeler-grade logs are available; and (4) the increased use of domestic species such as hemlock, sugar pine, and the true firs. Priority powers will be used to the extent necessary to expedite these measures for increasing softwood-plywood production.

Although results of the joint effort of Government, industry, and labor in the building-materials field are beginning to become apparent, much remains to be done. I am firmly convinced that the goal of obtaining enough materials to achieve the veterans' emergency housing program cannot be met without the continuance of the kinds of priorities assistance which we have been rendering.

Senator O'MAHONEY. Do you have any information, statistical or otherwise, on the amount of lumber and other building materials now being used by the Government?

The questions I am about to ask now, Commodore Small, have to do with the current comment through the country, sometimes alleging that the Government itself is using materials which are in short supply, to the disadvantage of private industry and private users.

And with respect to the amount of exports of lumber and other materials: Doubtless many complaints have come to you on that basis that materials which are in short supply are going out of the country. Sometimes those who make these complaints are under the impression that it is the Government itself which is exporting the materials.

Sometimes it is not realized that exportation is carried on by citizens in their normal capacity who sell materials abroad for profit.

I think it would be well for you to develop that phase of the situation.

Mr. SMALL. We have gone into it quite deeply, taking up, for example, your export part of the first.

We have submitted reports to the Congress and we can introduce those in the record if you like, on the export of lumber which is very small. We have to export some.

For example, there is a considerable amount of lumber, small in the total, but for use on the docks and in rehabilitating the railroads in the devastated areas. That is not construction-grade lumber.

We do export some construction-grade lumber in relatively small amounts in return for other construction-grade lumber which we get; for example, from Canada.

Senator O'MAHONEY. You say "We export." By that you do not mean the Government, do you?

Mr. SMALL. No, sir; businessmen.

Senator O'MAHONEY. You mean this country, in its normal commercial processes, exports?

Mr. SMALL. That is right.

Senator O'MAHONEY. What you do under these controls is to restrain exportation rather than to give it impetus; is that right?

Mr. SMALL. We put limits on exports where it may cause an undue drain on our own economy. We do not put limits on it where there is no undue drain or harmful drain on our own economy.

Obviously we want to encourage exports if it is not hurting our own reconversion. But where it has an impact on our own reconversion, one of our jobs is to prevent undue export.

That is right.

Senator O'MAHONEY. You said that the amount of lumber which is being exported is only a very small fraction of the total production. Do you have the figures on that?

Mr. SMALL. I can put them in the record for you; yes.

Senator O'MAHONEY. If you please.

(The figures are as follows:)

UNITED STATES LUMBER EXPORTS

In view of the seriousness of the domestic lumber situation, the Civilian Production Administration has maintained a close check on the export of this product from the United States. Foreign shipments are limited through maintenance of a ceiling quota established each quarter by the CPA and through the exercise of license control by the Office of International Trade, Department of Commerce. All foreign requests for lumber from the United States are rigidly screened by both the Office of International Trade and the CPA and none is allowed which is not of the highest urgency.

It is obvious, however, that exports cannot be completely eliminated without serious repercussions. The United States has solemn commitments to the effect that every effort will be made to export such goods as are necessary to prevent disease and unrest abroad and to prevent serious injury to the essential civilian economies of friendly nations. At the same time, the United States is more dependent on foreign sources for lumber than these sources are on the United States. Since the beginning of 1942, this country has regularly imported from two and one-half to three times as much lumber as it has shipped abroad. For the most part, our imports are directly related to exports. The great bulk (85 to 90 percent) of the lumber which we receive comes from Canada, which allows us more than one-fifth of her total supply. If United States exports should be reduced either to Canada or to other countries, it would result in an accentuation of demand for Canadian lumber on the part of the countries which were being denied supplies from this country (particularly the United Kingdom and various empire countries) and would inevitably lead to a cut in deliveries from Canada to the

United States. This would be a particularly important development in connection with United States housing, since a far larger portion of the lumber which we import is housing construction lumber than is the case of the lumber which we export.

Despite the urgency of foreign demands for lumber, actual shipments represent an extremely small percentage of our total supply. This can be seen in the following table which gives a summary of the export situation for the year 1945 as compared with both the war and prewar periods and as compared with import trends.

United States lumber production, exports and imports (includes sawn timbers, boards, planks, scantlings, small hardwood, dimension and hardwood flooring) 1935-45¹

[In thousand board feet]

Period	Production	Exports		Imports	
		Total	Percent of United States production	Total	Percent of United States production
1935.....	21,832,833	1,301,384	5.97	438,017	2.0
1936.....	27,626,440	1,272,147	4.61	662,264	2.3
1937.....	29,003,953	1,413,852	4.88	686,629	2.3
1938.....	23,413,497	947,641	4.05	529,116	2.2
1939.....	28,581,705	1,050,093	3.67	707,172	2.5
5-year total.....	130,458,428	5,985,117	4.59	3,023,198	2.32
Average prewar year.....	26,091,686	1,197,003	4.59	604,640	2.32
1940.....	31,159,126	850,046	2.72	724,257	2.3
1941.....	36,537,628	572,608	1.59	1,349,999	3.7
1942.....	36,332,248	357,488	.98	1,510,261	4.1
1943.....	34,288,757	268,253	.78	839,194	2.4
1944.....	32,553,901	325,577	1.00	977,994	3.0
5-year total.....	170,871,661	2,373,972	1.39	5,401,705	3.16
Average war year.....	34,174,332	474,795	1.39	1,080,341	3.16
1945.....	27,356,074	394,331	1.44	1,044,277	3.82

¹ This and the table given below were prepared by the Lumber and Lumber Products Branch of the CPA on the basis of production data received from producers and exports and imports data received from the Bureau of the Census.

With respect to the data contained in this table, it should be particularly noted that:

(1) Exports during 1945 were less than one-third the average shipped per year during the prewar period, 1935-39, from the standpoint of either quantity or percentage of total United States supply. This is true despite the fact that there are very large new demands on the United States arising from war damage suffered in Europe and the Far East.

(2) Total exports have not exceeded 1.5 percent of United States production during any year since 1942.

(3) Imports in 1945 were approximately 70 percent greater than the rate maintained during the prewar years, 1935 through 1939.

(4) While work stoppages and other factors led to a serious decline in United States production in 1945 as compared with the years 1943 and 1944, shipments of lumber by other countries to the United States increased in 1945 as compared with 1943 and 1944.

A more detailed analysis of 1945 developments is given in the following table:

United States lumber exports to principal countries (includes sawed timbers, boards, planks, scantlings, hardwood flooring, and small hardwood dimensions.)

[In thousand board feet]

Country	First quarter total	Second quarter total	Third quarter total	Fourth quarter total	Total
United Kingdom.....	13, 578	16, 883	24, 227	70, 898	115, 586
Canada.....	10, 483	13, 676	14, 724	13, 788	52, 671
Australia.....	13, 191	5, 385	12, 000	1, 264	31, 840
Cuba.....	12, 259	6, 764	7, 286	5, 264	31, 573
Netherlands.....	172	1, 912	13, 353	2, 335	17, 772
Union of South Africa.....	2, 613	2, 168	5, 336	5, 940	16, 057
Mexico.....	4, 110	3, 511	4, 055	3, 336	15, 012
Greece.....	0	0	7, 207	5, 545	12, 752
Peru.....	3, 906	2, 821	2, 767	2, 108	11, 602
Panama.....	4, 847	397	1, 915	272	7, 431
Trinidad.....	1, 570	1, 461	2, 993	1, 656	7, 680
Venezuela.....	1, 348	1, 385	1, 800	3, 157	7, 690
Palestine.....	70	2	0	6, 693	6, 765
India.....	3, 716	2, 772	13	-----	6, 501
Bolivia.....	2, 427	1, 935	1, 496	659	6, 517
Egypt.....	0	3	4, 072	1, 908	5, 983
Norway.....	0	3, 805	0	78	3, 883
Saudi Arabia.....	1, 386	534	810	870	3, 600
Portugal.....	151	104	191	135	581
Eire.....	-----	-----	-----	506	506
Spain.....	216	0	220	-----	436
France.....	0	0	0	1, 010	1, 010
Belgium.....	0	0	0	157	157
Other countries.....	5, 460	6, 553	10, 597	8, 116	30, 726
Total exports.....	81, 503	72, 071	115, 062	125, 695	394, 331
Percent of United States lumber production.....	1.19	0.92	1.58	2.34	1.44
1945 United States lumber production.....	6, 861, 116	7, 856, 077	7, 300, 000	5, 338, 881	27, 356, 074

With respect to these data it should be noted that—

(1) Of the 394,000,000 board feet exported in 1945, 216,000,000 went to the United Kingdom, Canada, Australia, and the Union of South Africa. Shipments to these areas were directly related to Canadian shipments to the United States. Any reductions in shipments to these areas would necessarily have resulted in corresponding reductions in receipts of lumber from Canada.

(2) While there was an increase in the rate of shipments during the third and fourth quarters as against the first and second quarters, this increase was the result of the rise of war reconstruction demands in the United Kingdom and in the liberated areas of western Europe.

For the first quarter, the ceiling limit set for exports was 225,000,000 board feet. Actual exports under this ceiling totaled 182,000,000 board feet. This meant an increase of some 55,000,000 board feet as against the fourth quarter, 1945, but total shipments nevertheless were under 2.8 percent of United States production (6,553,000,000 board feet). The larger export quantity is being allowed in order to meet critical reconstruction needs (mining, transportation, and housing) in war-devastated regions of western Europe.

For the second quarter, the export ceiling was placed at 180,000,000 board feet, 45,000,000 board feet less than in the first quarter. Actual exports will probably amount to between 120,000,000 to 130,000,000 board feet. Production in the second quarter will be substantially greater than during the first. On the basis of present indications, it will total at least 7,000,000,000 board feet.

No quotas have been set beyond the second quarter, 1946, and no figures have been formally or tentatively agreed upon. For the last two quarters, new quarterly quotas will be established shortly before the opening of each quarter. These quotas will be determined by the demonstrated urgency of foreign need as judged against the criticalness of the domestic supply situation. Every precaution feasible will be taken to insure that no lumber will be permitted to go abroad which is not necessary either (1) to prevent disease and unrest abroad or to prevent serious injury to the essential civilian economies of friendly foreign nations, or (2) to maintain United States imports of materials, including lumber, which are in critically short supply and are affecting United States reconversion.

Some of the requests for additional controls of industry that have been made to the Civilian Production Administration.

Senator O'MAHONEY. When you do authorize the exportation of lumber or any other materials, what are the considerations which you weigh to persuade you to grant the license to export?

Mr. SMALL. Consideration would vary with the individual product. Naturally we have to take into account, for example, we work these problems out in conjunction with the other affected agencies—the State Department, Department of Commerce, OIT, UNRRA, and other agencies that may be affected.

Senator O'MAHONEY. OIT?

Mr. SMALL. Office of International Trade.

Senator O'MAHONEY. That is one that escaped me.

Mr. SMALL. It is a subdivision of the Department of Commerce.

We try to work out with them what seems fair and equitable and just under all of the conditions that are obtaining. Some of the things that we have to really export we do in terms of barter. Unless we export some textiles, some cotton goods, we cannot get tin, because the natives want cotton; they want trade stuff.

We cannot get rubber, so that a good bit of our export is in terms of barter. All of those considerations are taken into account on the study of the individual product as they review it.

Senator O'MAHONEY. Your activity is based upon the fact that international trade is carried on actually in terms of commodities and not in terms of money?

Mr. SMALL. That is correct.

Senator O'MAHONEY. It does us no good to get the money when we need commodities of which we are in short supply?

Mr. SMALL. That is exactly right.

Senator O'MAHONEY. Tin is one of those commodities which you want to import. What others?

Mr. SMALL. There are a number of them. Tin and rubber are the most obvious examples.

I can say there that so far as we can see, it will be necessary, I think it will be undoubtedly necessary to maintain controls over tin and rubber at least.

Senator O'MAHONEY. What about manila? Manila rope, hemp, and the like?

Mr. SMALL. We have a shortage of manila and hemp in this country and therefore we control the use of hemp and manila and endeavor to get the maximum of import into this country.

It is true of all hard fibers.

Senator O'MAHONEY. I asked that question because within the week I received a telegram from a rancher in Wyoming who had been unable to buy baling cord for hay, and his dealer, so he told me, had informed him that the reason he could not get it was because the Government was hoarding it.

Mr. SMALL. The Government?

Senator O'MAHONEY. Yes. So I wanted to get that into the record. What are the facts?

Mr. SMALL. As far as the other part of the question, Senator, is concerned, if I understand it correctly, is the Government using lumber?

Senator O'MAHONEY. Let us get this manila now.

Mr. SMALL. The only place we could be using it or hoarding it would be for cordage. We are certainly not hoarding.

The Navy is the one that has the stock of manila. They use the hard fiber for cordage. The stocks are small in comparison with the total. I will check the fact to be sure, as to the latest figures on it, but I feel I am safe in saying that they have no more than they need for their continuing usage.

Senator O'MAHONEY. And with respect to the supplies which come into this country, you distribute that among the users on an equitable basis?

Mr. SMALL. No. We do not have manila under specific allocation to individual firms. We have it restricted as to usage. You cannot use it for a number of nonessential things.

In other words, it has to be used for the things that are considered more essential, agriculture being one of them.

Senator O'MAHONEY. Will you put in the record a list of the uses for which it is now being allocated?

Mr. SMALL. I suggest you put in a copy of the order—of the regulatory order, covering it, which has all that data in it.

Senator O'MAHONEY. Considering the complexity of most of these orders, I would prefer to have some member of your staff make a summary.

Mr. SMALL. Shall I go on?

Senator O'MAHONEY. If you please.

Mr. SMALL. Limit the use of scarce materials.

Tin: The present stock pile of about 30,000 tons can be made to last until late in 1947 by careful husbanding and constant efforts to increase imports.

Without our tin conservation order, this small stock pile would be fully dissipated within a few months, and I might add if that stock pile disappeared, the impact of what would then be a severe, terrific shortage, would be felt throughout the economy, because tin pervades everything.

It runs through our entire industrial economy.

As increased supplies come from abroad, we will continue the policy of gradual relaxation of controls, but supplies from the Far East will be slow in developing, with little hope for a normal flow of material before late in 1947.

Mr. TURNER. Late 1947, I would say is very optimistic.

Mr. SMALL. I think anyone who reads the papers is familiar with the situation in the Far East.

Senator O'MAHONEY. Importations of almost any material from the Philippines and from Malaya and Dutch East Indies are likely to be very slow.

Mr. SMALL. I might interject at that point, Senator, that I would urge that this act be extended for one full year, because if it is ended in March, between January and March, I have no doubt that the Congress would probably think it wise to enact permanent legislation at least on tin and rubber, and probably on a few other things.

Senator O'MAHONEY. Commodore, it is very unfortunate, of course, that we have so little time at our disposal now. This bill, as you know, was passed in the House on March 15, 1946. The committee of the Senate and the Senate itself have been compelled to give atten-

tion to many other equally pressing matters, perhaps not equally from your point of view, but certainly from ours.

This is the 31st of May, so that we have only a month. The question therefore arises as a matter of legislative procedure whether this subcommittee should recommend to the full committee the adoption of the act as passed by the House, which would expedite its being transmitted to the President, or whether we would change it, thereby requiring the House to act upon the bill again.

That is a matter of legislative procedure to which this committee will have to give attention and I think to which those of you who are urging it upon us should also give attention.

It may be much more desirable to take the bill as it is.

Mr. SMALL. Of the two alternatives, I by far prefer to take the bill as it is rather than have it slide over to the end of June, because every day that we delay here on this act, compliance is deteriorating.

Senator O'MAHONEY. I thought that would be your judgment.

Mr. SMALL. In that event, I think that certainly we should face the necessity, at least on tin and rubber, and probably on a few other things like uranium; we should not wait for that period after January 1 to try to act on specific legislation.

It would be disastrous if this tin stock pile were allowed to be dissipated. It really would be.

Senator O'MAHONEY. That raises the question as to whether or not you should immediately recommend permanent legislation dealing with these specific items which you know are certain to be in short supply.

My own judgment is that that would be the wise policy.

Mr. SMALL. I think that is right.

Shall I go on?

Senator O'MAHONEY. Please.

Mr. SMALL. Lead: There is a world shortage of lead. While most of our lead is produced in this country, the domestic supplies are now supplemented to the extent of about 10 percent annually by imports.

If our present restrictions on the use of lead remain in effect, the consumption can be held down to about 850,000 tons a year as against 1,300,000 tons a year, and that is a conservative estimate of what the total take would be if we lifted all the restrictions.

Our stock pile has declined from about 276,000 tons 1943 to about 40,000 tons on March 31, 1946. It is really a serious situation to have the stock pile down that low.

Meanwhile strikes in Mexico curtailed production in that country during the first quarter and domestic production is currently beset with strikes which are crippling between 55 percent and 65 percent of the lead-producing capacity in the United States.

Tin plate: Even prior to the steel and coal strikes, tin plate was restricted to the more essential uses. Subsequently, it has become necessary to issue a more restrictive order to channel the limited supplies of plate into the preservation of perishable foods and the packaging of certain drugs and biologicals.

Other materials which are expected to be scarce after June 1946 and to require continued control, include natural rubber, burlap, molasses, cordage fibers, antimony, hides and skins, and quinidine.

The future outlook on imported materials remains especially uncertain.

Furthermore, it is impossible to predict what materials may require control as a result of present and threatened strikes.

Senator O'MAHONEY. May I inquire whether there has ever been any allocation of silver for industry?

Mr. SMALL. With the expiration of the Green Act on December 31 the allocation or purchase from the Treasury ceased. That is, of silver ingots. I think a great deal of harm is being caused through industry by not being able to purchase silver ingots. The Treasury said at that time that there was no objection to purchasing silver dollars, melting them down and using that.

Senator O'MAHONEY. But CPA has not allocated?

Mr. SMALL. No; there is no shortage of silver as silver. There is a shortage of that available to industry, yes; but there is not a shortage of silver.

Senator O'MAHONEY. So this does not come within your purview at all?

Mr. SMALL. That is right.

Inventory control: As long as there are serious shortages of materials or possibilities of higher prices, there is an incentive for companies all along the line to stock up on goods which they will need in their operations.

You will recall the disastrous cycle of sharp inflation and deflation in the years 1919-21, in which first the accumulation and later the unloading of excessive inventories played an important part.

Current conditions appear to threaten a repetition of the post-World War I catastrophe. For this reason, I believe that there is a need for inventory controls at this time and that this need will exist beyond June 30, 1946.

The only sure way of making inventory controls necessary, seems to me, to be an increased supply of goods brought about through continued and increased production.

Unless production is increased all along the line, and unless the threat of inflation is firmly checked, the accumulation of inventories might become an end in itself.

If this should happen—as it happened after the last war—dealers and manufacturers might find it more profitable to speculate in inventories than to produce goods. Raw materials might be sold and resold—each time at a higher price—without being turned into useful products. Eventually prices would collapse, and someone would be left holding the bag.

Senator O'MAHONEY. Continue.

Mr. SMALL. Apart from its general effect on economic stabilization, the hoarding of scarce materials by some producers deprives others of an opportunity to put those materials into employment-creating use. Such hoarding is likely to impinge with particular severity on small business concerns lacking the resources to compete effectively in a buyers' scramble. It has been and will continue to be a major element of Civilian Production Administration policy to minimize such scrambles, hoarding or preemptive buying.

Senator O'MAHONEY. How do you exercise this inventory control? What is the machinery of doing it?

Mr. SMALL. We have a regulation where we say (1) That all they are allowed to have in inventory is a minimum practicable working inventory, and in the case of certain specific items which are in short supply we state that in terms of day's supply.

Senator O'MAHONEY. To whom do you send this directive?

Mr. SMALL. To all of industry, anyone who may have these particular materials.

Senator O'MAHONEY. Does that include retail inventory?

Mr. SMALL. Yes; both wholesale and retail inventory.

Senator O'MAHONEY. How is it possible, effectively, to carry on such control throughout the great spread of American business?

Mr. SMALL. Two ways of doing it: One is industry, by and large, including retail and wholesale, are trying to do their best and to abide by whatever the sensible or reasonable rules may be. There are a few who endeavor to evade or chisel. But by and large, I think industry has demonstrated over the past 4 years that industry is honest, and industry is trying to do whatever is the right thing to do.

We have a field force we use for spot checks, and we put them into plants, manufacturing plants, industrial plants, commercial establishments, to check inventories.

And to see whether or not they are abiding by the letter and spirit of the law.

It would be very bad publicity for any advertised product to be evading those laws and causing unemployment elsewhere, or a lack of production elsewhere.

It is a thing that they, industry by and large, is extremely reluctant to face, that danger. Where we find it we take it to justice and have it prosecuted in the courts under the law.

Senator O'MAHONEY. Then it is your experience that industry cooperates with CPA in carrying out these controls?

Mr. SMALL. That is right.

Senator O'MAHONEY. Industry recognizes that hoarding would have a bad effect upon the whole economic structure and therefore cooperates with you in avoiding it?

Is that right?

Mr. SMALL. Yes. They have been, and have all during the war period, and right up to recently. There is a limit to that and if they are expected—if industry expects that controls may be lifted within a period of a couple of months, the natural tendency would be for them to hold on if they thought prices were going to go up.

We have a check on this, not only on the spot checks, but on the reports that come in that are collected by census. I think we have given you a copy of our civilian production report for May.

On page 2 of the report you will find the inventory positions of March 31, both of the manufacturers and of the retailers and wholesalers.

That collection of data covers a pretty broad segment of our economy and it bears out our own experiences as we develop it through the spot checks.

Now, another thing that is again a natural tendency: As a result of natural causes, due to the shortages that have been developed, caused in turn by the work stoppages and by cutting down of imports of some things, due to troubles abroad, the pipe lines within the industry have been pretty well worked down.

Their inventory pipe lines have been diminished and that is particularly true in steel and copper.

So that you have that factor working against the accumulation of inventories in the past 3 or 4 months.

The position as of March 31 was that there was no hoarding that was of really any substantial amount.

In spot cases, yes; we find them. By and large, industry was working on a smaller inventory than prewar.

Senator O'MAHONEY. When you issue a directive with respect to any of these items, how is that distributed beyond publication in the Register?

Mr. SMALL. We come out with press releases, get it in the trade papers, get as wide publicity as we can, and if it hits a narrow segment we see to it that that narrow segment of the economy gets it.

Senator O'MAHONEY. It is not served on individuals?

Mr. SMALL. Where we find a violation?

Senator O'MAHONEY. No; where you issue it.

Mr. SMALL. No. It would be impossible to do that.

Senator O'MAHONEY. That is what I thought. I am bringing out the fact that the effectiveness of these controls does depend upon industry cooperation.

Mr. SMALL. Very definitely, Senator. If we had not had tremendous cooperation from industry, all during this period of the war years and since, it would never have been possible to go out and hit them with a club of a regulation, individual by individual. It would take an army of people to do it.

We have something like 450 people out on these spot checks, compliance people in the field.

You can see that they can only cover a relatively small part of industry.

Senator O'MAHONEY. Under the emotional impetus, the patriotic impulse of war, it is possible to secure a tremendously large percentage of cooperation. What is your experience with the condition that now exists, now that the fighting war is over? While we are still suffering deep results of the turmoil and upsetting conditions of war, do you find as great a readiness to cooperate?

Mr. SMALL. Obviously not. The patriotic urge is missing and people are inclined to resent governmental interference with the daily work of their operations.

But so far as inventories are concerned, by and large, they have played ball beautifully with us up until March and April. There have been some natural causes helping that.

As I say, the shortage of supplies has compelled them to pull down their inventories. But day by day as you go forward here—and this will be true whatever the expiration date of that act—compliance begins to suffer, starting about 3 months ahead of the expiration date. And by the time that you come within 30 days of that, you can expect increasing noncompliance.

Senator O'MAHONEY. You may proceed.

Mr. SMALL. Priorities assistance to break bottlenecks which impede the reconversion process:

Work stoppages in key industries all over the country since VJ-day have seriously retarded reconversion and are continuing to do so.

The loss of nearly 15,000,000 ingot tons of steel, as the result of the steel strike, and the recent and future losses due to the coal strike, cannot be made up in point of time.

We can make them up at the tail end.

These losses will be felt throughout our economy right through 1946 and into 1947. They have made the job of the Civilian Production Administration much more difficult.

We do not desire and in fact, we feel it would be most unwise to reinstitute an over-all allocation system for steel. We do know, however, that occasional emergency actions will be required to avert serious dislocations in production or in other segments of our economy. Our recent action in connection with tin plate for food preservation is an example of this. Action is also being taken to assure sufficient steel for the production of railroad brake shoes, agricultural equipment, and housing items.

Incidentally, I might mention that in a good many cases industry itself brings pressure on CPA to have controls instituted or expanded. I can assure you that pressures for more control are examined carefully, and that we are extremely reluctant to take any step back into controls.

Senator O'MAHONEY. Would you be good enough to prepare for the committee a list of examples of such applications for reinstitution of controls or for the establishment of new controls?

Mr. SMALL. Yes; although they are myriad.

Senator O'MAHONEY. Give us some typical example.

Mr. SMALL. Most people agree that we ought to get back to a free economy and get back to these controls.

They will agree with you in principle; they are absolutely right. But they are different, their case is an exception, and do not give anybody any preference rating but "give me one; I have to have one."

You will find that very human trait going all through everywhere.

I will give you some examples. We will make out some typical ones.

(The examples are as follows:)

1. Users of tetraethyl lead in refining high-octane gasoline: They have urged that all producers of high-octane gasoline whether or not they use the tetraethyl fluid should be restricted in the octane ratings they may produce. This would mean a restriction on competitors who are in a superior position by reason of their equipment which makes the use of lead either unnecessary or reduces the amount they need to produce high-octane ratings.

2. Storage batteries: Makers have been very anxious to have other uses of lead further curtailed to enable them to make more storage batteries than they are now permitted to make under their curtailment.

3. Manufacturers of various garments for men and women have requested the imposition of new controls to enable them to get all the component materials they need for the manufacture of the garments. An example of this is in the manufacture of pajamas.

4. Manufacturers of new materials for house construction and manufacturers of new household appliances have been anxious to get new controls established to enable them to obtain by priorities or allocations materials and facilities they need for the manufacture of their new materials and end products.

5. Small users of steel have been anxious to have an allocation of steel put into operation.

Mr. SMALL. We are now under pressure and have been. Most people do not press too hard these special cases, broad segments, transportation, utilities, agricultural machinery, whatever they may be.

They do not press too hard as long as they are having an even break with other people. But if you give one segment a break, a preferential position, the others immediately feel that they must have it, and the case is very compelling, pretty hard to decide between a public utility and transportation, if you like, or agriculture and machinery, or housing, or any of these other things that are very urgent, or hospitals.

They are willing to play ball as long as you do not put any one group in a preferred position, but if you begin to put one in, then others must follow and the thing snowballs on.

We are now under pressure to—we in our own agency—to allocate steel to a number of substantial uses.

To do so, we believe, would lead inevitably and very quickly to general allocation—to putting the Government in the business of deciding between industries; between vacuum cleaners and refrigerators; to deciding between companies within industries.

That path seems to us to lead toward regimentation, which we oppose. It is a different matter to use controls to break bottlenecks which are holding up production at key points. Although we will have to help out in a few urgent and vitally essential cases on a plant-by-plant basis, I can assure you that we will in our agency do everything possible to avoid general allocation, and any controls we use will be as limited and as temporary as they can be.

It cannot be too precise on the thing. It is a question of judgment. Changing conditions change your view.

Requests for priority assistance under Priorities Regulation 28, which is used for breaking reconversion bottlenecks, have increased rapidly in recent months.

More than 30,000 applications for CC rations were filed with the Civilian Production Administration in the first 6 months of operation under PR-28. The value of materials rated during the same period totaled only about 75,000,000, a very, very small percentage of products manufactured during the period.

Nevertheless that help was of great value in breaking the bottlenecks and preventing dislocation.

Senator O'MAHONEY. What is the procedure by which a CC ration is issued?

Mr. SMALL. We have in Priority Regulation 28, which has a criteria of what you give a rating for and under which conditions you would give a rating.

A man can read it and understand whether he fits within the framework or not. If he thinks he does, he files an application on a form, stating his need, why he needs it, and the quantity he needs, and so forth. That is submitted in a study to see whether or not he can be helped. We try in every instance to help him without priority assistance if it is possible to do it, by calling up other sources of supply to see if he cannot be fitted into the schedule.

A very large number of cases are helped without priorities assistance. But if that is the last resort, if that is the only thing that we can do, we will give it to him, if he fits the criteria.

Senator O'MAHONEY. Are these CC ratings geared into supply?

Mr. SMALL. Yes. They are only a very small percentage of supply. As I said, during the 6-month period, we produced 80 billion dollars' worth of products, we only issued 75 million dollars' worth of ratings.

So it is only a very small fraction, less than 1 percent.

Senator O'MAHONEY. Less than 1 percent of the total?

Mr. SMALL. Yes.

Senator O'MAHONEY. You are aware, of course, that with respect to surplus property, certificates were issued to veterans and apparently without regard to supply, so that there were many more veterans' certificates in circulation than there were goods to satisfy them?

Mr. SMALL. Of course, that is out of our field. We have nothing to do with surplus property.

Senator O'MAHONEY. I know. But I am comparing that. I want you to state for the record whether or not that condition exists with respect to CC priority.

Mr. SMALL. No. We have found that where you grant CC ratings up to a very substantial portion of supply, it just causes chaos. There is no human mind down here in Washington which can realize all of the factors that are involved. We have to have some free supply. The only place where we come anywhere near it in terms of preemption of the substantial portion of supply is in the case of some fabrics going into the low-cost clothing program or going into certain industrial uses like tobacco cloth or insulation for motors.

Senator O'MAHONEY. Do you want the committee to understand that when a CC priority is issued it can be filled?

Mr. SMALL. Yes; it is within supply. That is correct.

Senator O'MAHONEY. All right.

Mr. SMALL. Not that there are not some CC's that they have trouble in placing. They file them on the wrong fellow, but they come back to us, and we recommend what to do then.

Mr. Davison has pointed out that there are three items where we are holding up the issuance of CC's because the total number of applications received was mounting up toward the limit of supply.

Photographic equipment from veterans, applications for photographic equipment by veterans, was exceeding the total supply of photographic equipment—those particular kinds of cameras. There are two others: plastic molding machines and water drilling equipment.

When we come into that position, we hold up issuing CC's.

Senator O'MAHONEY. When a CC rating is issued, what is the area in which it is effective? Where can it be served; in other words, can an applicant on the Atlantic coast serve his CC rating on a dealer or a producer on the Pacific coast?

Mr. SMALL. Surely.

Senator O'MAHONEY. How is it possible, then, for the issuing authority here in Washington to balance the need of the Atlantic coast applicant against the need of applicants on the Pacific coast who perhaps have not applied but whose need is just as great?

Mr. SMALL. You cannot balance that, or at least I do not know how you can. That is the reason why a number of CC's in a given field should not preempt any very substantial portion. As you can see from the figures I just quoted, \$75,000,000 is not very much gross to have issued in all these hardship cases.

Senator O'MAHONEY. How can you avoid confusion of this kind: Assume that a dealer on the Pacific coast has agreed to sell a certain machine or a certain amount of a particular material to a pur-

chaser who has a really great need for it, but who, having had his understanding with the dealer, that he is going to get it, does not take the trouble or time or go to the expense of applying to CPA for a CC rating.

Into this situation comes a CC rating issued to an applicant in another and a distant part of the country who has come to Washington and explained his need and who, on the basis of that need, gets the CC priority, and then can serve it on this Pacific dealer and thereby deprive another user whose need is equally great, if not greater, of the machine or the materials?

Mr. SMALL. The answer to that is in the first place, I would have heard my "squeal meter" in my lower left-hand drawer which would have been howling long since if there had been very much of that going on.

However, if such a thing should occur, the man who is put under extreme hardship by such a condition would immediately apply in here and ask to have the situation reviewed and we would, if that were the case, help him out and also help the other fellow by getting his order placed somewhere else.

Senator O'MAHONEY. My question is prompted by the fact that that precise condition has been alleged to me to exist with respect to tractors.

Mr. SMALL. What kind of tractors? Farm type tractors?

Senator O'MAHONEY. Yes, and road machinery.

Mr. SMALL. Along farm type tractors, I have some figures here.

On farm type tractors, CPA has issued between December 10 to April 1, 66 CC's. 21 of those were in April.

During 1945, we produced 228,000 farm type tractors.

Production for the first quarter was around 50,000 tractors.

We issued 66 CC's on farm type tractors.

So I do not think you can say that CPA is upsetting the farm type tractor picture very much.

There you run into, however, the veteran problem, in the rationing, or allocation, if you want to call it that, of farm machinery, Agriculture has that. That is their jurisdiction and they distribute farm machinery, and they have been issuing certificates to veterans.

Senator O'MAHONEY. To what sort of an applicant would these 66 CC ratings be issued?

Mr. SMALL. About half of them were acts of God; fire, flood, or any other act of God. Half of the 66, about 33 of them were because some one came in and said his tractor burned up or was lost in a flood.

The others were for certain branches of industry who had to have it, lumbermen, for example, who needed tractors. Some of it in the building materials plants, for example, needed tractors, where we felt the need was urgent and they ought to be given a chance to get that small quantity of tractors.

Senator O'MAHONEY. How about road-building tractors?

At the moment, many States throughout the Union and the Public Roads Administration are beginning to repair and construct new roads.

Will those contractors who are doing this work, or who are doing reclamation work, for example, be able to get their equipment?

Mr. SMALL. Not through priority unless there is some very good reason for it, no. We try to use this just as sparingly as we can.

Senator O'MAHONEY. Are they being deprived of machinery?

Mr. SMALL. Machinery by the priority system?

Senator O'MAHONEY. Yes.

Mr. SMALL. On the track-lying tractors, in a period since December, we built about 8,000. We have issued 624 CC's. 190 of them went to coal industries, 120 went to lumber, 20 to building material concerns, 215 went to veterans, and 70 went to miscellaneous uses.

You can see the percentage that we have used the CC's on is negligible.

Senator O'MAHONEY. Then you use this authority sparingly?

Mr. SMALL. Very sparingly.

Senator O'MAHONEY. What about the exportation of machinery of this type?

Mr. SMALL. On the farm type of tractor, we exported to all countries, in 1944, about 19 percent.

Senator O'MAHONEY. And between when, you say "we"—

Mr. SMALL. I mean our country.

In 1945, we exported about 23½ percent.

In the first quarter of 1946, it was down to 18.8 percent.

We are exporting less during the war years.

Of this particular farm type tractor, we have a regulation direction now in the works to put a limit on the total amount that can be exported.

That limit to all countries other than Canada, about half will be going to UNRRA; about half will be commercial exportation other than UNRRA. But we are reducing it down—from the 18, down to 15, other than Canada.

Senator O'MAHONEY. And the policy is to restrict exports of this type of machinery?

Mr. SMALL. That is right.

Senator O'MAHONEY. Very well. You may proceed.

Mr. SMALL. The bulk of the ratings have been for capital equipment or for materials going directly into production; only a small fraction have been for construction materials and for operating supplies. Apparel manufacturers making low-cost clothing have received by far the largest volume of CC ratings, but the construction industry has been receiving an increasing number of ratings, largely in connection with the veterans' emergency housing program.

Here is now these bottleneck-breaking priorities work:

Manufacturers of machinery for making bricks and concrete blocks were helped to obtain electric motors without which their machines could not have been completed. This assistance prevented what might have been a big loss of production in these building materials.

Priority Regulation 28 also has been used to help lumber producers. Equipment which they needed for felling logs, processing timber, and getting lumber to loading points was made available under this priority, and has helped prevent an even more critical lumber shortage than exists today.

Small manufacturers of fractional horsepower electric motors have been given assistance in obtaining copper wire and bearings without which they could not continue operating their plants. Manufacturers of both heavy and light farm equipment were helped to overcome bottlenecks in such materials as chains, bearings and tires.

Thousands of veterans of this last World War have been given assistance in establishing their own small businesses. They have been helped in getting capital equipment, such as concrete-blockmaking machinery, alfalfa dryers, photographic equipment and printing presses, and in other instances they have been assisted in obtaining initial inventories of production materials.

Senator O'MAHONEY. How do you reach these small manufacturers and the individual veterans scattered throughout the country?

Mr. SMALL. They reach us by sending in their application under Priority Regulation 28.

Senator O'MAHONEY. Do they come to Washington?

Mr. SMALL. Yes.

Senator O'MAHONEY. And make their contact with the Washington office of CPA?

Mr. SMALL. They send it in by mail.

Senator O'MAHONEY. I have often wondered whether the big operator, a large company, does not have an advantage over the little one.

Mr. SMALL. The percentage of CC's we issue is predominantly to the little fellow.

Senator O'MAHONEY. If you have any figures showing that proportion between large and small, I would like to have it put in the record.

Mr. SMALL. All right, sir.

The figures you asked for a minute ago, Senator, as to the applications that had been approved, divided down by size of plant, the total of this particular compilation is 11,393, of which 8,468 went to plants employing less than 100 workers; 1,232 went to those employing 100 to 250 workers, 702 went to plants employing between 250 and 500, 388 went to plants employing between 500 and 1,000, 603 went to those employing over a thousand.

Senator O'MAHONEY. Is that an over-all table or does it deal with a specific commodity?

Mr. SMALL. It deals with specific industries. Is that what you mean?

Senator O'MAHONEY. What industries? This is for all manufacturing industries?

Mr. SMALL. Yes.

Senator O'MAHONEY. Let that table be inserted in the record at this point.

(The table referred to is as follows:)

TABLE V.—Number of PR-28-A applications approved, denied, and closed and quantities of cotton, synthetic, and wool fabrics and yarns assigned ratings by principal industries, Jan. 29 through May 3, 1946

Industry and product	Number of applications				Quantities assigned preference ratings			
					Fabrics (000 yards)			Yarns (pounds)
	Total	Ap- proved	De- nied	Closed	Cotton	Syn- thetic	Wool	
Total.....	3, 596	2, 212	1, 184	200	31, 131	13, 954	254	475, 470
Jan. 29, 1946 through Apr. 19, 1946.....	2, 796	1, 882	848	66	28, 480	12, 100	184	447, 170
Apr. 22, 1946 through May 3, 1946.....	800	330	336	134	2, 651	1, 854	70	28, 300
Textile end products.....	3, 092	1, 871	1, 043	178	18, 721	12, 808	250	376, 670
Men's wear.....	770	399	245	126	5, 446	2, 028	132	16, 700
Women's wear.....	1, 479	986	465	28	2, 173	8, 436	68	20, 700
Children's wear.....	176	106	65	5	282	905	10	-----
Miscellaneous apparel and ac- cessories.....	168	109	59	-----	513	492	40	3, 900
Trimings and emhroideries.....	27	15	11	1	406	60	-----	-----
Miscellaneous fabricated tex- tile products.....	210	125	72	13	2, 231	547	-----	-----
Cotton textile mills.....	53	26	24	3	776	5	-----	8, 400
Dyeing and finishing textiles.....	41	20	21	-----	6, 227	70	-----	-----
Miscellaneous textile mills.....	168	85	81	2	667	265	-----	326, 970
Nontextile end products.....	504	341	141	22	12, 410	1, 146	4	98, 800
Commercial farms.....	2	-----	1	1	-----	-----	-----	-----
Food and kindred products.....	2	2	-----	-----	35	-----	-----	-----
Lumber and timber basic prod- ucts.....	3	1	1	1	10	-----	-----	-----
Furniture and finished lumber products.....	66	56	7	3	754	117	(1)	-----
Paper and allied products.....	18	14	4	-----	3, 848	-----	-----	-----
Printing, publishing and allied industries.....	6	2	4	-----	16	5	-----	-----
Chemicals and allied products.....	11	4	5	2	397	-----	-----	-----
Products of petroleum and coal.....	1	1	-----	-----	40	-----	-----	-----
Rubber products.....	29	7	21	1	457	-----	-----	-----
Leather and leather products.....	101	77	23	1	346	547	4	96, 200
Stone, clay and glass products.....	34	32	1	1	2, 396	-----	-----	-----
Iron, steel and their products.....	2	2	-----	-----	32	-----	-----	-----
Nonferrous metals and other products.....	1	1	-----	-----	50	-----	-----	-----
Machinery (except electrical).....	5	2	2	1	10	-----	-----	-----
Electrical machinery.....	23	13	6	4	1, 870	27	-----	2, 000
Transportation equipment.....	2	1	1	-----	4	-----	-----	-----
Automobiles and auto equip- ment.....	10	7	1	2	159	-----	-----	-----
Miscellaneous manufacturing industries.....	118	92	24	2	963	450	-----	600
Wholesale trade.....	17	-----	17	-----	-----	-----	-----	-----
Retail trade—general merchan- dise.....	19	-----	18	1	-----	-----	-----	-----
Retail trade—second-hand stores.....	1	-----	1	-----	-----	-----	-----	-----
Railroads.....	13	11	1	1	43	-----	-----	-----
Miscellaneous repair services and garages.....	7	5	1	1	47	-----	-----	-----
Medical and other health serv- ices.....	13	11	2	-----	933	-----	-----	-----

¹ Less than 500 yards.

Senator O'MAHONEY. Proceed.

Mr. SMALL. The fulfillment of relief and other essential export programs.

The export of commodities creates a serious problem for Govern-ment agencies. In many cases, where demand already exceeds supply, the provision of even a small quantity of goods for export means the future limiting of supplies available for domestic use. For this

reason, it is a primary responsibility of the Civilian Production Administration to protect the reconversion program and the essential civilian economy from unwarranted export of materials and products in critically short supply. CPA, acting in consultation with the other affected agencies—Commerce, State, and others—must and does screen requests for scarce products for export so as to make sure that there is no undue drain on our own economy which would jeopardize reconversion.

Our own economy is dependent on many foreign countries for imports; for example, tin, copper, lead, antimony, rubber, cordage fibers, leather raw materials, lumber, a variety of minerals, innumerable chemical and medicinal raw materials, sugar, coffee, fats and oils and many other foods. Frequently it is necessary to supply trade goods, such as textiles and other consumer goods, to induce other countries to send us their products. In other cases, such as tin, this country must supply items of equipment if we are to step up foreign production and subsequent United States imports of critically needed raw materials.

Allocation for production of low-priced items essential to the stabilization program: Wool and rayon fabrics are currently being produced for civilian use in greater quantities than ever before in the Nation's history. Silk imports from Japan have been resumed on a small scale. The outlook for an increased supply of cotton textiles has also been brightened by the rising level of employment in cotton textile mills.

I might add production has started down again in May. I hope it will turn back up again when the coal settles.

Despite increased domestic supplies of textiles, it will not be possible to satisfy total demand during 1946, particularly for men's suits and many forms of cotton cloth. It should be possible, nevertheless, to take care of the most essential requirements.

As part of the general stabilization program, a joint CPA-OPA committee has been working on the problem of alleviating textile shortages, particularly in the case of staple cotton fabrics. Concrete results were achieved by the two agencies on March 8 when OPA adjusted its cotton fabric price ceilings and CPA tightened its control over fabric looms. The OPA action was to compensate mills for increases in raw cotton prices, for additional labor costs and to provide an incentive increase of 5 percent for a long list of staple fabrics most urgently needed for work clothing, civilian apparel and industrial and agricultural users.

CPA at the same time amended its loom control order, L-99, to require thousands of looms currently making a type of less essential cloth, shower curtains, and all sorts of things we do not need as badly as these other things, to return to the production of urgently needed staples which they had been producing between March 1942 and February 1946. The list of staple fabrics affected by this CPA action was identical with the list of staple fabrics on which OPA had granted the 5 percent price incentive.

The second major step by CPA to cope with the acute shortages of cotton fabric took the form of an amendment to order M-317-A late in March.

Under these new regulations as much as 90 percent of the most essential types of cloth are required to be channeled to uses listed by the CPA, including agricultural bags, who would not get it otherwise, industrial and agricultural uses, and the low-end clothing programs set up under order M-328-B and exports.

Senator O'MAHONEY. What about MAP in this connection? Low-end clothing?

You are aware, of course, that reports from the Banking and Currency Committee would indicate that MAP may be rather shortlived?

Mr. SMALL. You mean, how does it affect this particular thing?

Senator O'MAHONEY. Yes. In other words, is your program, as OPA looks at it, dependent upon MAP?

Mr. SMALL. I think undoubtedly in some field; MAP is not in very many fields; it is only in a few. In some fields lifting MAP is going to cause a shift up into higher price lines.

I think there is no doubt about that. But it is not going to reflect the fact that we have frozen these looms to make these essential fabrics which we manufacture. They are so frozen regardless of MAP. Otherwise you would never get your bag cloths, or agricultural cloths, that you have to have if you are going to keep the country moving during the next few critical months ahead.

Senator O'MAHONEY. You can produce that result by directing the type of work that a particular loom will do?

Mr. SMALL. Yes, we can get this result, this particular result. MAP has other results.

Senator O'MAHONEY. MAP is essentially price control. I am thinking of production.

Mr. SMALL. We cannot in any way replace MAP with our controls.

Senator O'MAHONEY. Because that is essentially price?

Mr. SMALL. That is right.

Senator O'MAHONEY. My question was directed to whether or not MAP was necessary to CPA to bring about the production of low-end goods, and you answered me that by your control of looms you can produce the result that you desire without MAP.

You may proceed.

Mr. SMALL. Limitation order on construction: On March 26, the CPA issued veterans' housing program order 1 effective immediately, forbidding the beginning of new construction or repairs or changes in existing buildings and other structures without specific governmental authorization, but excluding certain structures, such as dams and highways.

Senator O'MAHONEY. Does this order have the effect of preventing the owner of land from using lumber and other building materials which he happens to own at the moment?

Mr. SMALL. It does, unless he comes in and gets authorization to it.

Senator O'MAHONEY. Has that been passed by your legal staff as a constitutional exercise of power?

Mr. SMALL. Yes, sir.

Senator O'MAHONEY. In other words, you took it away from owners?

Mr. TURNER. In other words, we said he could use it only for certain purposes. If he had a house he could use it to repair the house, but he could not use it to build a house.

Senator O'MAHONEY. You limit the utilization of it?

Mr. SMALL. That is right. No preemption of the property involved.

The order does not apply to certain repair and maintenance work in industrial, utility, and transportation structures, unless such work is capitalized. Nor does the order apply to construction jobs on which the cost does not exceed the allowances listed for particular classes of structures; for example, \$400 for a house, and \$15,000 for an industrial plant.

The purpose of veterans' housing program order 1 is to divert scarce building materials away from less essential and deferrable projects into the construction of homes for veterans. It is hoped that the order will make it possible to cut out about 2.0 billion dollars during the next 12 months, reducing the 1946 construction program to between 14.0 and 15.0 billion dollars. Without that order, it would have been 16 or 17 billion or even higher.

It is estimated that we have enough materials to take care of the construction program of 12 to 12.5 billion dollars this year. Under the legislative authority of the Patman Act, the Government will use many of the wartime techniques for increasing the production of building materials so as to permit a program of 14 to 15 billion dollars.

There is no possibility of our ever getting enough material to support anything like 16 or 17 billion dollars.

We have opened 17 district construction offices to assist in the administration of this limitation order.

Essential nondeferrable commercial, industrial, and farm construction may be started with the approval of the CPA district construction office manager.

That is a slight error in that sentence. The farm part of it is handled by the delegation to the Department of Agriculture. CPA does not handle the farm construction.

These managers have been very busy organizing district construction committees to assist in the review of all applications for authority to start nonhousing construction projects.

The committees include—these are unpaid volunteer committees—only recognized community leaders of high integrity representing such diverse interests as commerce (department stores, and so on), local industry (manufacturing, mining, lumber, et cetera), the construction industry (nonhousing wherever possible), the building materials industry, construction labor, the press, and State or local government. In addition to the regular committee members, a representative of the appropriate district director of the Federal Housing Administration, or the local representative of the National Housing Expediter, is authorized to attend any meetings of the district construction committee as an observer or adviser.

Senator O'MAHONEY. These individuals would all need the protection of title 7?

Mr. SMALL. Yes.

I might point out that the Housing Agency did not desire membership on these committees. They only wanted to sit in as observers.

Those committees pass on the individual projects within their own communities. They say, is it essential, and even if it is essential, can it be deferred?

If it does not meet those two criteria, they say, "No."

Recently, because of the volume of construction getting out of bounds on all phases of it, we told our people we had to cut it down by two-thirds for a period of about 45 days or maybe longer. But I think that there is so much under way that it is going to create no real hardship on anyone because the limiting factor probably will be labor.

We would not have enough labor to do the work already authorized or to be authorized that was already under way.

I might point out that the housing agencies have stated that they did not desire active membership on these committees.

An interagency committee has been set up to review the construction programs of all Federal agencies with a view to reducing them to a minimum.

In construction, as in every other field covered by the Civilian Production Administration, controls are necessary primarily because we still do not have enough materials, enough facilities, and enough finished products to meet our needs.

Controls can safely be dropped only when production is within reach of demand if wild scrambles and inflationary hoarding are to be avoided.

At present we must go ahead, we, in our agency, with the conviction that minimum controls should be retained but only as long as they are necessary. I hope that this will not be a long time, and personally I will do all I can to shorten the control period. But I think a continuation of controls should be assured as soon as possible by extension of the Second War Powers Act. Time is running short, and it would be helpful to both industry and Government if we knew as soon as possible how we will stand in the next fiscal year.

If our postwar industry could just get off to a running start, it would have relatively easy going from then on. I believe that if this Nation could have 6 or 8 months of sustained production, it could get over the hump. No one is more anxious than I am to see the goods roll out in volume. Until the goods do roll out, however, our present control powers should be kept alive.

Senator O'MAHONEY. There has been handed to me the monthly report on civilian production for May 1946. It bears the date of May 28, 1946, and I observe on page 1, the chart entitled "Industrial Production, War, and Civilian."

This would indicate that in 1946 civilian production is considerably greater than it was either in 1939 or 1940.

Mr. SMALL. That is right.

Senator O'MAHONEY. Or for that part, 1941.

Taking August 1939, as the index, namely, 100 base, then according to this chart, civilian production in 1946 was 150 or slightly under 150.

Mr. SMALL. That is right.

Senator O'MAHONEY. What has been the tendency since this chart was printed?

Mr. SMALL. The chart was only recently printed, but the data on which the chart is made does not take into account what happened this month.

You will find a further drop off on this.

There is one. It takes you down to page 30. Steel ingot production.

Senator O'MAHONEY. That shows that in January 1946, steel ingot production had reached 1.5 million short tons.

Mr. SMALL. A week.

Senator O'MAHONEY. And that in the latter part of January and the early part of February, that dropped almost to zero.

Then, in the latter part of February, it increased again to more than 1.5 short tons per week.

Mr. SMALL. That is right, about one million six.

Senator O'MAHONEY. But since that time it has been steadily declining, and in May it has sunk to less than 1,000,000 short tons.

Mr. SMALL. It dropped to less than 50 percent, a little below that, of the million six, of the peak production in March.

I might interject there a point, Senator, that I think is important to an understanding of this problem, or one of the problems we face.

When the steel strike hit, the production, of course, fell off; it fell way down, as you see, to practically nothing.

But since the steel mills were closed, all the way through the production lines, all the way through to semifinished up to the finished product, that pipe line was filled with steel; therefore, when the strike ended they could finish production very quickly, and they did, as you can see by this precipitous rise from the middle of February to the middle of March. They went very rapidly. But this time, closing off the valve at the base, at the coal, fuel, you stopped the furnaces, stopped producing more ingot, and the pipe line has been drained out.

It is not humanly possible to get any such rapid acceleration in production of finished steel again of product tonnage as was done here, because the ingots will have to be made, and then go all through the process which is quite time-consuming.

Senator O'MAHONEY. This chart, on page 1 again, shows that an increase of civilian production began at a sharp rate by the middle of 1945.

Mr. SMALL. Soon after VE-day; yes, sir.

Senator O'MAHONEY. It would seem to indicate that if we could find the way to concentrate all our activities of all segments of our economy on production we might speedily solve the economic problem.

Mr. SMALL. We could close up shop pretty fast and go home if that were done.

Senator O'MAHONEY. This chart also shows that there has been a practical elimination of production for war.

Mr. SMALL. Yes, sir.

Senator O'MAHONEY. Thank you very much, Commodore.

Is there anything else you wish to add at this moment?

Mr. SMALL. I do not believe so.

We could give a bit more precise detail about manila fiber.

Senator O'MAHONEY. You could do that and send it up for the record.

(The information referred to is as follows:)

SUMMARY OF ORDER M-84

MANILA (ABACA) AND AGAVE FIBER AND CORDAGE

Order M-84 as amended March 22, 1946, deals with spinable manila fiber wherever it is grown, spinable agave fiber, including sisal and henequen, and cordage made from the fiber. In general, it allocates the fibers and restricts their end use.

The order provides that processors may not manufacture rope out of manila except for the following end uses:

End use and definition

Auxiliary line—Lyle gun: A 3-inch circular hawser—drawn to or from a vessel by means of a whip line and which is used to support a breeches buoy.

Cracker: A short length of fiber drilling cable used in conjunction with a wire drilling cable affording spring or elasticity to the wire line.

Drilling cable—oil, water and gas wells: Used for operating the tools in "cable tool" drilling.

Falls:

Ammunition: The hoisting rope used to raise and lower ammunition.

Lifeboat: A rope used generally in conjunction with a pair of davits, used to raise or lower lifeboats, which contain people.

Purse boat: A pair of tackles suspended from davits used to raise and lower the purse boats and seine which weigh about 5 tons.

Powder tank: Used in handling powder tanks (lowering and hoisting).

Life line: See auxiliary line—Lyle gun.

Manila rope 1¼-inch diameter (3¾ inch circumference) and larger: Any use.

Purse line: A line rove through rings attached to the bottom of a seine. By hauling on this line the bottom of the net is closed or pursed.

Shot lines—Lyle guns: Soft-laid rope used in connection with Lyle guns for rescue work on disabled ships.

Torpedo lines—oil well: Approximately ¼-inch diameter rope used to lower explosives into oil or gas well preparatory to "shooting" the well.

Processors may use agave for rope but may not manufacture rope twines except for the following end uses:

End use and definitions

Hanging twine:

Hard fiber nets: Twine used to hang hard fiber nets to lines.

Soft fiber nets: Twine used to hang soft fiber nets to lines.

Marline—lobster or heading twine: A twine required in the manufacture of the inside tunnel of lobster pots.

Net twine—otter trawls: A hard-laid twine, usually 2, 3, or 4 ply in sizes from No. 600 to No. 1350 used for the manufacture of hard-fiber fishing nets. Also for mending nets.

Both manila and agave may be used for binder twine and baler twine as directed by CPA.

The CPA is given permission to direct processors who have received allocations of manila or agave to extend the more critical fibers with less critical ones.

The order restricts deliveries of rope and twine by providing that processors or dealers may not sell or accept deliveries of new rope or twine produced in the United States from manila or agave except for the permitted uses. No one may sell new binder or baler twine if he believes it will not be used for proper agricultural purposes and may not divert binder or baler twine to manufacture rope.

Allocations of manila and agave fiber to processors for rope and rope twine are made on the basis of their sales during 1939, 1940, and 1941. Manufacturers who were not in the business during those years may apply for allocations stating their facilities, and their applications will be considered on an equitable basis in view of other allocations. Allocations of agave fiber for binder and baler twine are divided among processors on the basis of capacity, method, and rate of operation.

Senator O'MAHONEY. Did you want to add something to this point?

Mr. KETCHAM. I think Mr. Small has very well covered the desirability and need for extension of title III insofar as the low-cost program is concerned. We definitely feel it is essential and we need it.

Senator O'MAHONEY. You testified at the House hearings did you not?

Mr. KETCHAM. Yes, sir.

Senator O'MAHONEY. Is there anything in addition to what you said there that ought to be called to the attention of this committee?

Mr. KETCHAM. No, sir.

Senator O'MAHONEY. Very well, sir.

Has the representative of the War Shipping Administration appeared?

(No response.)

Senator O'MAHONEY. I think that matter has been covered adequately.

Is Agriculture represented here?

STATEMENT OF W. CARROLL HUNTER, SOLICITOR, DEPARTMENT OF AGRICULTURE

Mr. HUNTER. I am W. Carroll Hunter, Solicitor, Department of Agriculture.

Mr. Chairman and gentlemen of the committee, the Department, as you know, is interested in food, and primarily if not exclusively at this time in food for the famine areas of the world.

We have no other way of dealing with the short supply of foodstuffs except through the present allocation power, and as long as that responsibility rests with us we see nothing else to do than to extend title III for at least a year.

Our activity in food at this time centers around fats and oils, grain, particularly wheat and corn, dairy products, and meat, all of which contribute to the calory requirements of the famine program.

At this time we have outstanding approximately 50 war-food orders dealing with these commodities which may be compared with a total of approximately one-hundred-and-eighty-odd orders issued previously.

Senator O'MAHONEY. How many are now outstanding?

Mr. HUNTER. About 52. They change a little bit from day to day. They deal with approximately 39 commodities, principally the fats and oils, grain, meat, and dairy products.

The allocation of power is the only power that we have which permits us to deal with the short supply in these commodities.

Senator O'MAHONEY. For what purposes are you using this power now?

Mr. HUNTER. For shipping foodstuffs abroad to famine areas; one or two commodities, particularly fats and oils, in which we are very short for our own domestic needs. That is the outstanding commodity, I should say, in which we are short for our own domestic needs.

Senator O'MAHONEY. By whom are the decisions made with respect to the quantity of foodstuffs shipped abroad?

Mr. HUNTER. Well, the Combined Foods Committee, I think, fixes generally the commodities and we make commitments as to which we

expect to fulfill. We are very short on our present commitments, particularly with respect to grain.

Senator O'MAHONEY. With respect to grain you are aware of course that the effect of the order has been in some cases to compel the suspension of activity by some domestic mills.

Mr. HUNTER. That is true, and I think plans are now being devised to relieve those situations as they arise, as best we can.

Senator O'MAHONEY. How can that situation be relieved if the supply of grains, this crop, for example, has been exhausted?

Mr. HUNTER. There, as those conditions arise, it means that the increase of consumption for use domestically.

Senator O'MAHONEY. The conditions have arisen. They are here.

Mr. HUNTER. That is the way they are being met.

Senator O'MAHONEY. Is there a supply of wheat now which can be used to reactivate mills which have been closed?

Mr. HUNTER. To some extent. But recently a barley regulation was issued for the very purpose of taking care of pressing needs for our own domestic feeds.

Senator O'MAHONEY. Have you any information as to the number of mills that have been closed as a result of this overseas shipment order?

Mr. HUNTER. I do not know the number.

Senator O'MAHONEY. Can you get it for us?

Mr. HUNTER. Yes, sir.

Senator O'MAHONEY. And a summary of the relief order of which you have just spoken, I mean for the relief of the domestic industry?

Mr. HUNTER. Yes, sir.

(The information requested is as follows:)

1. *Number of mills closed down.*—The Department does not have any figures on the number of mills which may have closed down. The order would not cause a mill to close down if it had wheat to grind as there was no restriction on grinding for export.

2. *What steps were taken to relieve millers.*—Where mills were without wheat and located where they could grind and get the flour to ports in time to meet the famine emergency demand, we have where possible furnished wheat to be ground for export.

The incentive-purchase program is now over and the mills with the prospective marketing of the new crop and some marketings of old wheat should be able to get more wheat within the next few weeks. The allowable grind for domestic consumption has, beginning July 1, been increased from 75 to 85 percent of the average monthly grind for domestic consumption during 1945.

The Department, by reason of the success of its procurement under the bonus program, is prepared to loan wheat to millers for repayment out of new crop wheat without interfering with shipping schedules for foreign relief. Such loans can only be made in hardship cases to provide for the production of flour to meet current severe bread shortage in individual communities.

Senator O'MAHONEY. I ask these questions because I know that Members of Congress are receiving information from their districts and their States that not only have mills been closed down but that bakeries by reason of the closing of the mills are finding it difficult to get flour for their current operations. That, in turn, reduces the amount of bread available for normal distribution.

Mr. HUNTER. We are having the same complaints, Mr. Chairman. We think if we can tide over until the new crop comes in that it will alleviate that situation.

Senator O'MAHONEY. When you speak of "tiding over" what do you mean?

Mr. HUNTER. Well, the new wheat crop will shortly come on the market.

Senator O'MAHONEY. What about the bakers who are not going to get the flour to tide them over? What are they to do?

Mr. HUNTER. We have undertaken through the issuance of what we call a bakery order to provide for the orientation of the uses of flour which will tend to meet that situation. That is, the restriction on the use for nonessential purposes.

Senator O'MAHONEY. Is there any reason to believe that we have sent abroad an amount of grain in excess of what we could properly send abroad and keep our own economy operating?

Mr. HUNTER. The feeling is that we have not sent enough.

Senator O'MAHONEY. We have not sent enough to meet the need abroad. That is one thing. But I am talking also now of the need at home. I think it is obvious that if the United States is to continue to meet the need abroad it must maintain its own economy.

Mr. HUNTER. That is right.

Senator O'MAHONEY. We will cut off our ability to help the famine areas of Europe if we stop operations here. By every mill which is shut down, for instance, and every bakery which has to curtail its operations, we tend to create unemployment, do we not, and when we create unemployment we tend to weaken every factor of the economy.

Mr. HUNTER. We realize that the allocation of power must be used with circumspection in order to take care of the very situation that you have mentioned. That question is certainly important insofar as the wide use of the power is concerned, but without the power we then could do nothing.

Senator O'MAHONEY. You were here when Commodore Small put the statistics into the record showing that small manufacturers have received by far the largest proportion of aid from CPA in the administration of CPA power. What can you say with respect to the effect of the Department of Agriculture's orders on grain as to the relative effect upon the large mills and the small mills?

Mr. HUNTER. I think we have had no complaints which were in the line of cleavages drawn that way, so far as I know.

Senator O'MAHONEY. Have you finished your statement?

Mr. HUNTER. I have finished.

Senator O'MAHONEY. Commodore, when this committee held its hearing last December on the most recent extension, we had some figures in the record showing the rate at which controls were being lifted. I asked Mr. Snyder about that matter. I understand that you have some figures bearing on that.

Mr. SMALL. Yes, sir. That is on the War Production controls and CPA controls of essential agencies. We had a peak of about 650 orders and schedules at the height of the war.

Senator O'MAHONEY. That is War Production Board, CPA?

Mr. SMALL. Yes. The peak was 700. On December 31 we had reduced that down to 61.

Senator O'MAHONEY. December 31 of 1945?

Mr. SMALL. Yes, sir.

In January it was down to 59. In February it was back to 61. In March it was 60; April 66; May 67. We had the Veterans' Housing put in a couple and we had two or three other ones we had put in.

I would like to make that a part of the record, and I would also like to make a part of the record a list of those orders and schedules which we now have in effect as of May 1, 1946.

Senator O'MAHONEY. That may be inserted in the record at this point. I am very glad that you have that material.

(The orders and schedules, and the CPA orders in effect as of May 1, 1946, are as follows:)

	Orders	Schedules	Total		Orders	Schedules	Total
Dec. 31.....	43	18	61	March.....	42	18	60
January.....	42	17	59	April.....	48	18	66
February.....	43	18	61	May 1.....	49	18	67

¹ War Production Board peak (approximate), 700.

CPA ORDERS IN EFFECT AS OF MAY 1, 1946

Automotive branch:

L-352 Export of automobiles and trucks.

Chemicals Division:

L-353 Cane alcohol.

L-354 Lead chemicals (new).

L-355 Ethyl fluid (new).

M-131 Cinchona bark and cinchona alkaloids.

M-300 Chemicals and allied products.

Schedule 118. Penicillin.

Schedule 119. Streptomycin.

M-333 Tapioca flour.

M-387 Rosin (reporting requirements only).

M-390 Hide glue stock.

M-54 Molasses.

Forest Products Division:

L-103 Glass containers and closure simplification.

Schedule A. Distilled spirits.

Schedule B. Malt beverages.

Schedule C. Certain food products.

Schedule D. Wines.

Schedule E. Protective coatings.

Miscellaneous Minerals Branch:

M-285 Uranium.

Production Scheduling:

M-293 Scheduled products.

Rubber Division:

R-1 Rubber, synthetic rubber, balata, and products thereof.

Appendix I. Rubber, synthetic rubber, balata, and products thereof.

Appendix II. Manufacturing regulations.

Imports Division:

M-63 Imports of strategic materials.

Solid Fuels Administration:

M-316 Bituminous coal.

M-318 Anthracite coal.

Steel Branch:

M-21 Iron and steel production.

Textile Division:

L-85 Apparel for feminine wear.

Schedule 1. Women's, misses', and junior misses' dresses.

Schedule 2. Women's, misses', and junior misses' blouses.

Schedule 3. Women's, misses', and junior misses' coats, fur coats, tops, pers. suits, jackets, shirts, slacks, overalls, coveralls, play suits, and shorts.

Schedule 4. Feminine neckwear.

Schedule 5. Children's apparel for outer wear.

L-99 Cotton-textile production.

L-116. Feminine lingerie and certain other garments.

L-118. Feminine lounging wear and certain other garments.

L-181. Men's work clothing.

L-224. Clothing for men and boys.

M-47. Burlap and burlap products.

M-84. Cordage fiber, cordage yarn, and cordage.

M-85. Kapok.

M-217. Footwear.

M-221 Textile bags.

M-277. Vegetable tanning materials.

M-310. Hides, skins, and leather.

M-317. Cotton-textile distribution and sale yard products.

M-317A. Cotton fabric preference ratings and restrictions.

M-317C. Cotton sale yard production and distribution (new).

M-328. Provisions applicable to textiles, clothing, and related products.

M-328B. Special programs: Textile, clothing, and related products.

Schedule C. Special program for cotton fabrics for civilian apparel items.

Schedule F. Special program for work gloves.

Schedule J. Special program for rayon civilian items.

Schedule K. Special program for wool civilian items.

M-375. Work gloves.

M-391. Rayon fabrics (new).

Tin, Lead, and Zinc Branch:

M-38. Lead.

M-43. Tin.

M-81. Cans.

M-112. Antimony.

M-325. Tinplate scrap.

Utilities Branch:

U-2. Communications.

Wholesale and Retail Branch:

L-63. Suppliers.

L-219. Consumers' goods inventories.

Forty-six orders (excluding directions), eighteen schedules and appendices, total, sixty-four.

L. F. FOSTER,

Director, Controls Readjustment Division, Bureau of Reconversion Priorities.

Senator O'MAHONEY. Is there anybody else to be heard? (No response.)

Senator O'MAHONEY. If not, the hearing is closed. I thank you all for your attendance.

(Thereupon, at 1:05 p. m., the hearing was closed.)

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DIGEST OF
CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Legislative Reports and Service Section
(For Department staff only)

Issued June 5, 1946
For actions of June 4, 1946
79th-2nd, No. 106

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HIGHLIGHTS: Senate debated selective-service continuation; agreed to amendments authorizing induction of 18-45-year-olds, prohibiting induction of veterans, and authorizing deferment of scientific and engineering students and workers. Sen. Capper inserted Farm Bureau statement urging removal of consumer subsidies by end of year, removal of price ceilings as supply reaches demand, and transfer of price functions on agricultural commodities to USDA. Senate committee reported bill to continue priorities power until June 30, 1947. Rep. Reed (N.Y.) criticized failure of "bureaucrats" to handle congressional phone calls, mentioning OPA "in particular." Sen. Ellender and Rep. Donagheaux introduced bills to continue Sugar Act for 1 year. House rules Committee cleared bill to delegate tort claims to departments and courts. President approved school-lunch bill and bill to continue Farm Bankruptcy Act.

SENATE

1. SELECTIVE SERVICE. Began debate on S. 2057, to continue the Selective Training and Service Act until May 15, 1947 (pp. 6380, 6383-433).

Agreed to the following amendments:

- By Sen. Gurney, S. Dak., to make males between the ages of 18 to 45 subject to induction, by a 53-26 vote (p. 6408).
- By Sen. Gurney, to preclude induction of only those fathers who have a child or children dependent upon them or with whom they maintain a bona fide family relationship in their homes (p. 6409).
- By Sen. Johnson, Colo., to increase the pay of enlisted men, by a 67-4 vote (p. 6421).
- By Sen. Johnson, to prohibit induction of veterans (p. 6424).
- By Sen. Magnuson, Wash., to authorize deferment of scientific and engineering students, teachers of those subjects, professional personnel in scientific or engineering activities, and technicians in scientific research and development (p. 6428).

2. GRAIN SHORTAGE. Sen. La Follette, Wis., inserted a petition from the Wis. Council of Brewery and Soft Drink Workers opposing restrictions against use of grain for beer (pp. 6375-6).

3. PRICE CONTROL. Sen. Capper, Kans., inserted a statement by the Farm Bureau urging that the price-control bill be amended to provide for a definite schedule for removal of consumer subsidies by Dec. 31, 1946; to require removal of price ceilings on commodities or items when supply is reasonably in line with demand; to transfer price determinations on agricultural commodities to this Department; to provide for an independent decontrol board with final power to decide when

supplies of nonagricultural products warrant removal of controls (pp.6376-7).

4. RECLAMATION; SURPLUS PROPERTY. The Military Affairs Committee reported with amendments S. 1672, to authorize transfer to Interior of surplus lands and property of Federal agencies on reclamation projects (S. Rept. 1412)(p. 6377).
5. WAR POWERS. The Judiciary Committee reported without amendment H. R. 5716, to continue certain provisions of the Second War Powers Act, including a provision for continuation of priorities powers until June 30, 1947 (S.Rept.1414)(p.6377)
6. EMPLOYEE DETAILS. The Public Lands and Surveys Committee submitted a report on details to it from the executive branch, including detail of a Forest Service employee (p. 6377).
7. APPROPRIATIONS. Received from the President supplemental appropriation estimate in the form of 1947 Budget amendments, for the Interior Department as follows: Bureau of Reclamation - Owyhee project, \$125,000, Colorado River project, \$68,400, Missouri River Basin, \$125,000, and language to facilitate use of fund for the Columbia Basin project; and National Park Service - land acquisition, \$25,000, and language to permit transfer of boats and generating units from War Assets Administration (S. Doc. 194). To Appropriations Committee. (May 31.)

HOUSE

8. CLAIMS. The Rules Committee reported a resolution for consideration of H.R. 181 to delegate adjudication of certain tort claims to departments and the courts. (pp. 6317, 6373).
9. BUREAUCRACY. Rep. Reed, N.Y., criticized Government "bureaucrats" for failure to return Congressional calls "on matters of great concern to industry and to labor" making particular reference to OPA (p. 6309).
10. PERSONNEL. Rep. Celler, N.Y., criticized congressional interference in executive-branch dismissals of personnel, stating that such dismissals are an "executive function" (p. 6309).
11. GRAIN SHORTAGE. Received an Onandaga County (N.Y. citizens' petition favoring legislation to prevent the use of grains for alcohol during the present shortage (p. 6374).
12. RIVERS AND HARBORS. Began debate on H.R. 6407, the rivers and harbors omnibus bill (pp. 6310-7, 6318-46). During the debate Reps. Mansfield (Tex.) and Rankin (Miss.) discussed rural electrification in connection with the Miss. River project (p. 6341) and Rep. Norrell, Ark., spoke favoring the Ark. River project as it would affect agricultural crops in that area (p. 6342).
13. VETERANS REHABILITATION. Rep. Philbin, Mass., summarized veterans' rehabilitation benefits, inserting sundry letters, telegrams, and articles, referring to Federal reemployment rights, GI loans, educational facilities, surplus property priorities, etc. (pp. 6347-72).

BILLS INTRODUCED

14. SUGAR. H.R. 6671, by Rep. Domengeaux, La., and S. 2289, by Sen. Ellender, La., to extend, for one additional year, the provisions of the Sugar Act of 1937, and the taxes with respect to sugar. To H. Agriculture and S. Agriculture and Forestry Committees. (pp.6373, 6377.) Remarks of authors (pp. A3363-4, 6377-8).

and on which price control should be terminated immediately. We would support the specific exemption of these commodities in legislation proposed to Congress."

I hope these recommendations will meet with your approval.

Sincerely yours,

EDW. A. O'NEAL,
President.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. LA FOLLETTE, from the Committee on Finance:

S. 706. A bill to amend Veterans Regulation No. 9 (a), as amended, so as to increase the limit of amounts payable thereunder in connection with the funeral and burial of deceased veterans; without amendment (Rept. No. 1408);

S. 2100. A bill to remove the limitations on the amount of death compensation or pension payable to widows and children of certain deceased veterans; without amendment (Rept. No. 1409); and

S. 2235. A bill to provide a system of relief for veterans, and dependents of veterans, who served during World War II in the organized military forces of the Government of the Commonwealth of the Philippines while such forces were in the service of the armed forces of the United States pursuant to the military order of July 26, 1941, of the President of the United States, and for other purposes; without amendment (Rept. No. 1419).

By Mr. THOMAS of Utah, from the Committee on Military Affairs:

S. 2200. A bill to amend the act approved July 3, 1943, entitled "An act to provide for the settlement of claims for damage to or loss or destruction of property or personal injury or death caused by military personnel or civilian employees, or otherwise incident to activities, of the War Department or of the Army; without amendment (Rept. No. 1410).

By Mr. O'MAHONEY:

From the Committee on Indian Affairs:

S. 1235. A bill to authorize the use of the funds of any tribe of Indians for insurance premiums; without amendment (Rept. No. 1411); and

H. R. 1095. A bill for the relief of the Indians of the Fort Berthold Reservation in North Dakota; without amendment (Rept. No. 1413).

From the Committee on Military Affairs:

S. 1672. A bill to authorize the transfer to the Department of the Interior of surplus lands and property of Federal agencies on reclamation projects; with amendments (Rept. No. 1412).

From the Committee on the Judiciary:

H. R. 5716. A bill to amend the Second War Powers Act, 1942, as amended; without amendment (Rept. No. 1414).

By Mr. JOHNSON of Colorado, from the Committee on Finance:

S. 1578. A bill to clarify the terms "compensation" and "pension" under laws administered by the Veterans' Administration; with an amendment (Rept. No. 1415);

S. 1915. A bill to provide for designation of the United States Veterans' Administration hospital at Fargo, N. Dak., as the Clarence Theodore Hoverson Memorial Hospital; without amendment (Rept. No. 1416);

H. R. 5149. A bill to govern the effective dates of ratings and awards under the Veterans' Administration revised schedule for rating disabilities, 1945, and for other purposes; without amendment (Rept. No. 1417); and

H. R. 5626. A bill to authorize the Veterans' Administration to appoint and employ retired officers without affecting their retired status, and for other purposes; without amendment (Rept. No. 1418).

By Mr. TYDINGS, from the Committee on Territories and Insular Affairs:

S. 2210. A bill to provide for the return of certain securities to the Philippine Commonwealth Government; without amendment (Rept. No. 1420).

PERSONS EMPLOYED BY COMMITTEES WHO ARE NOT FULL-TIME SENATE OR COMMITTEE EMPLOYEES

The PRESIDENT pro tempore laid before the Senate a report for the month of May 1946, from the chairman of a certain committee, in response to Senate Resolution 319 (78th Cong.), relative to persons employed by committees who are not full-time employees of the Senate or any committee thereof, which was ordered to lie on the table and to be printed in the RECORD, as follows:

PUBLIC LANDS AND SURVEYS

JUNE 3, 1946.

To the Senate:

The above-mentioned committee hereby submits the following report showing the names of persons employed by the committee who are not full-time employees of the Senate or of the committee for the month of May, in compliance with the terms of Senate Resolution 319, agreed to August 23, 1944 (see attached memorandum):

CARL A. HATCH,
Chairman.

By STEWART A. HATCH,
Clerk.

JUNE 3, 1946.

To: Senator CARL A. HATCH, chairman, Senate Committee on Public Lands and Surveys.

From: Senator PAT McCARRAN, chairman, Subcommittee To Investigate the Administration and Use of Public Lands.

The following persons have been assigned to the above subcommittee by the Department of Agriculture to assist with its work:

E. S. Haskell, senior administrative officer, Forest Service, CAF-12; basic salary, \$5,000 per annum.

Elizabeth Heckman, clerk, CAF-5, basic salary, \$2,000 per annum.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

(Mr. ELLENDER introduced Senate bill 2289, to extend, for one additional year, the provisions of the Sugar Act of 1937, as amended, and the taxes with respect to sugar, which was referred to the Committee on Finance and appears under a separate heading.)

By Mr. LA FOLLETTE:

S. 2290. A bill to authorize the furnishing of motor equipment to seriously disabled veterans, and for other purposes; to the Committee on Finance.

By Mr. WALSH:

S. 2291. A bill to authorize the Secretary of the Navy to transfer a vessel to the American Antarctic Association, Inc.;

S. 2292. A bill for the relief of the Miami Herald, the Key West Citizen, and the Miami Daily News; and

S. 2293. A bill for the relief of Robert John Townsend; to the Committee on Naval Affairs.

By Mr. KILGORE:

S. 2294. A bill to provide for requiring compliance with safety regulations in coal mines; to the Committee on Mines and Mining.

By Mr. WHEELER:

S. 2295. A bill authorizing the issuance of a patent in fee to Mrs. A. Marigeau; to the Committee on Indian Affairs.

EXTENSION OF SUGAR ACT OF 1937

Mr. ELLENDER. Mr. President, I ask unanimous consent to introduce for appropriate reference a bill to extend for

one additional year the provisions of the Sugar Act of 1937, as amended, and the taxes with respect to sugar.

For more than 100 years, the sugar industry of Louisiana has sought and received the protection and encouragement of the Federal Government. The foundation of this protective policy has been that in times of emergency sugar produced at home would constitute a basic supply for the American consumer. Never before has this claim for a protective tariff, or protective quotas, been so fully justified as has been the case during World War II, and continuing during the postwar emergency of extreme shortage of sugar in the United States market.

At the beginning of the war, in spite of production limitations and acreage curtailments, the producers of sugar in the mainland beet area and the mainland cane area were able to furnish the more substantial part of the total supply of sugar available to the American consumer. In 1942, sugar produced on the mainland was used in every State of the Union, and this supply made it possible to have a reasonable ration unit for sugar in the United States.

The record of production in the mainland cane area, and especially in the State of Louisiana, has constituted a fine contribution to the welfare of the American consumer during the war emergency, which is not yet over from the standpoint of sugar shortage.

The following production figures for the mainland cane area are reported by the Crop Reporting Board of the Bureau of Agricultural Economics, United States Department of Agriculture:

Year:	Short tons, raw value
1936.....	437,000
1937.....	462,000
1938.....	583,000
1939.....	504,000
1940.....	332,000
1941.....	419,000
1942.....	460,000
1943.....	498,000
1944.....	437,000
1945.....	482,000

It has been a source of disappointment to the senior Senator from Louisiana [Mr. OVERTON] and to me, as I am sure it is to the two Senators from Florida, that the bill proposed by the Senator from Wyoming [Mr. O'MAHONEY], Senate bill 2249, fails to take into account the record of the mainland cane area in proposing changes within the quota structure of the Sugar Act.

Although a series of meetings have been held by representatives of the beet-sugar-producing States and the cane-refining States, representatives of the mainland cane area have not been brought into consultation, and no attention was given to their record. There was nothing sacred about the original ratio of quotas as established in the Sugar Act of 1934, and that ratio was changed in the Sugar Act of 1937. Likewise, the very limited term of the Sugar Act suggests that Congress has wanted to take into consideration from time to time the record of ability to produce and to distribute in the United States sugar

market. Otherwise there would have been no reason for restricting the term of the Sugar Act to 3 years or less, in each instance where the act has been amended and extended.

The bill that I am introducing simply extends the Sugar Act for another year. It is to be hoped that due regard will be given to the mainland cane area if and when the question of quotas is considered by the Congress. I will be much disappointed if the quota of the mainland cane area is not increased by at least 150,000 tons of sugar. It is necessary that mainland sugar production be stimulated to the end that production be increased to a minimum of 36 percent of our consumption requirements.

There being no objection, the bill (S. 2829) to extend, for one additional year, the provisions of the Sugar Act of 1937, as amended, and the taxes with respect to sugar, introduced by Mr. ELLENDER, was received, read twice by its title, and referred to the Committee on Finance.

TITLES TO LANDS BENEATH TIDEWATERS AND NAVIGABLE WATERS—AMENDMENTS

Mr. O'MAHONEY submitted amendments intended to be proposed by him to the joint resolution (H. J. Res. 225) to quiet the titles of the respective States, and others, to lands beneath tidewaters and lands beneath navigable waters within the boundaries of such States and to prevent further clouding of such titles, which were ordered to lie on the table, to be printed, and to be printed in the RECORD, as follows:

On page 3, line 14, after the word "line" insert the word, "lawfully"; and at the end of the bill add the following new paragraph:

"Nothing in this resolution shall be deemed to prejudice or adversely affect any rights the United States may have in and to the subsoil and sea bed of or the resources in the continental shelf lying oceanward from the area described in the first clause (1) of the preceding paragraph."

REORGANIZATION OF CONGRESS—EDITORIAL FROM BUFFALO EVENING NEWS

[Mr. MEAD asked and obtained leave to have printed in the RECORD an editorial entitled "Let Congress Reorganize Itself," published in the Buffalo Evening News of June 1, 1946, which appears in the Appendix.]

IS RUSSIA PREPARING FOR WAR?—ARTICLE BY EDDY GILMORE

[Mr. PEPPER asked and obtained leave to have printed in the RECORD an article entitled "Five Years in Russia Convince Gilmore Reds Want No War," written by Eddy Gilmore and published in the Washington Evening Star of June 3, 1946, which appears in the Appendix.]

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had passed without amendment the following bills of the Senate:

S. 470. An act to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim or claims of W. P. Richardson, as successor and assignee of W. P. Richardson & Co., of Tampa, Fla.;

S. 769. An act for the relief of H. H. Ashbrook, and others;

S. 913. An act to protect scenic values along and tributary to the Catalina Highway within the Coronado National Forest, Ariz.;

S. 1106. An act for the relief of Malcolm K. Burke;

S. 1286. An act for the relief of Sam Bechtold;

S. 1605. An act to reimburse certain Navy and Marine Corps personnel and former Navy and Marine Corps personnel for personal property lost or damaged as the result of fires which occurred at various Navy and Marine Corps shore activities;

S. 1802. An act to provide for the delivery of custody of certain articles of historic interest from the U. S. S. *Nevada* and the U. S. S. *Wyoming* to the State of Nevada and the State of Wyoming, respectively;

S. 1805. An act to authorize the promotion of personnel of the Navy, Marine Corps, and Coast Guard who were prisoners of war;

S. 1854. An act to establish the civilian position of Academic Dean of the Postgraduate School of the Naval Academy and compensation therefor;

S. 1852. An act to repeal section 1548 Revised Statutes (34 U. S. C. 592);

S. 1871. An act to authorize the conveyance of a parcel of land at the naval supply depot, Bayonne, N. J., to the American Radiator & Standard Sanitary Corp.;

S. 1872. An act to provide for the rank of original appointments in the Corps of Civil Engineers of the United States Navy, and for other purposes;

S. 1959. An act to authorize the payment of additional uniform gratuity to reserve officers commissioned from the status of aviation cadets; and

S. 1978. An act to authorize the restoration of Philip Niekum, Jr., to the active list of the United States Navy with appropriate rank and restoration of pay and allowances.

The message also announced that the House had passed the bill (S. 1776) to authorize the exchange of certain land at the Benicia Arsenal, Calif., with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the following bills and joint resolutions, in which it requested the concurrence of the Senate:

H. R. 783. An act for the relief of Karl E. Bond;

H. R. 797. An act for the relief of William W. Willett, Jr.;

H. R. 975. An act for the relief of Mrs. Lula Wilson Nevers;

H. R. 1258. An act for the relief of Cecil Atkinson;

H. R. 1331. An act for the relief of the Hatheway Patterson Corp.;

H. R. 1469. An act for the relief of Cox Bros.;

H. R. 1614. An act for the relief of Jennie Olsen Andersen;

H. R. 2287. An act for the relief of Susan S. Wiseman;

H. R. 2325. An act to extend the benefits of the Emergency Officers' Retirement Act of May 24, 1928, to officers honorably discharged from the Army under Public, No. 259, Sixty-seventh Congress, June 30, 1922;

H. R. 2489. An act for the relief of Gaylon Dhu;

H. R. 2772. An act for the relief of Juan Calcano;

H. R. 2785. An act for the relief of Will O'Brien, Mrs. Bessie O'Brien, and the legal guardian of Jane O'Brien;

H. R. 3359. An act for the relief of Mrs. Mary Belk;

H. R. 3399. An act for the relief of Philbert L. Bergeron, Alfred Quist, and Astrid Quist;

H. R. 3401. An act for the relief of Mrs. Hattie Main Babcock, Chester N. Main, and Mr. and Mrs. Earl Norman;

H. R. 3455. An act for the relief of Chatam M. Towers;

H. R. 3484. An act for the relief of the Poultry Producers of Central California;

H. R. 3494. An act for the relief of the J. B. McCrary Co., Inc., and for other purposes;

H. R. 3508. An act for the relief of the Northern Lumber & Millwork Co., of Spokane, Wash.;

H. R. 3623. An act for the relief of William A. Pixley;

H. R. 3672. An act for the relief of Dimple Benoit;

H. R. 3827. An act for the relief of Fred W. Grant;

H. R. 4247. An act for the relief of Jesus Lassalle and Mrs. America Bonet Medina;

H. R. 4353. An act for the relief of Amy Mary Richter;

H. R. 4357. An act for the relief of the estate of the late Alberto Lopez Ramos;

H. R. 4433. An act to provide for the conveyance to the State of Alabama for use as a public park of the military reservation known as Fort Morgan;

H. R. 4458. An act for the relief of Rosella J. Masters;

H. R. 4466. An act for the relief of Francis T. Lillie and Lols E. Lillie;

H. R. 4479. An act for the relief of William E. Robertson and Estelle Robertson;

H. R. 4486. An act to abolish the Santa Rosa Island National Monument and to provide for the conveyance to Escambia County, State of Florida, of that portion of Santa Rosa Island which is under the jurisdiction of the Department of the Interior;

H. R. 4525. An act for the relief of Oran Edmund Randall Rumrill;

H. R. 4673. An act for the relief of Mrs. Minnie Jenkins Ward;

H. R. 4701. An act granting the consent of Congress to the States of Utah, Idaho, and Wyoming to negotiate and enter into a compact for the division of the waters of the Bear River and its tributaries;

H. R. 4834. An act for the relief of the estates of Katherine Delores Booth and Agnes Jane True;

H. R. 4862. An act for the relief of Walter R. Newcomb, Sr., Corbin A. Newcomb, and Walter R. Newcomb, Jr.;

H. R. 4863. An act to establish the date of acceptance of a commission as lieutenant (junior grade), United States Naval Reserve, by William Leon de Carbonel to be June 1, 1941, and the date of reporting for active duty to be December 9, 1941, and for other purposes;

H. R. 4888. An act for the relief of Gustav F. Doscher;

H. R. 4917. An act for the relief of the Western Union Telegraph Co.;

H. R. 4919. An act for the relief of Archibald J. Alcorn;

H. R. 4996. An act for the relief of the legal guardian of Joan Esther Hedin, a minor;

H. R. 5026. An act for the relief of the estate of Drury Lee Jordan;

H. R. 5053. An act for the relief of the estate of Jasper A. Mealer;

H. R. 5228. An act for the relief of Stephen Lisay;

H. R. 5284. An act for the relief of Mrs. Lucy T. Harris;

H. R. 5324. An act for the relief of Mrs. Mary Francoline and Mrs. Rose Wallace;

H. R. 5349. An act for the relief of Charles F. Barrett;

H. R. 5351. An act for the relief of Charles Booker;

H. R. 5510. An act for the relief of Newton William Lowery;

H. R. 5538. An act for the relief of Mae Maxine Stone;

H. R. 5539. An act for the relief of Andrew M. Halvorsen;

H. R. 5541. An act for the relief of F. B. Sweat;

AMENDING THE SECOND WAR POWERS ACT, 1942, AS AMENDED

JUNE 4 (legislative day, MARCH 15), 1946.—Ordered to be printed

Mr. O'MAHONEY, from the Committee on the Judiciary, submitted the following

REPORT

[To accompany H. R. 5716]

The Committee on the Judiciary, to whom was referred the bill (H. R. 5716) to amend the Second War Powers Act, 1942, as amended, having considered the same, report the bill to the Senate favorably, without amendment, and recommend that the bill do pass.

STATEMENT

This bill would amend the Second War Powers Act, as amended, in three respects:

1. It would extend for a period of 9 months titles I, II, IV, V, VII, and XIV, which otherwise would expire on June 30, 1946.
2. It would extend title III, which otherwise would expire on June 30, 1946, for a period of 9 months, except that with respect to building materials, the extension is until June 30, 1947.
3. It would repeal title XI, as of June 30, 1946.

The War Powers Act, as originally passed, consisted of 14 substantive titles, and a fifteenth title, which concerned the term during which it would be operative.

Of the 14 substantive titles, 2 have already expired: Title VIII and XII. Title IX has been replaced by permanent legislation, and titles X and XIII were enacted as permanent legislation and require no extension. Title VI will expire on June 30, 1946, and is not extended by this bill. So that of the 14 original titles, this bill provides for the continuation of only 7. These 7 titles are by this bill extended to March 31, 1947, with the exception that title III, which deals with priorities, has been extended until June 30, 1947, with respect only to building materials.

A complete hearing on this bill was held on May 31, testimony being received from Mr. John W. Snyder, Director of War Mobilization and Reconversion, Mr. John D. Small, Administrator of the

Civilian Production Administration, and representatives of the War Department, Navy Department, Federal Reserve Board, Treasury Department, Office of Price Administration, and the Department of Agriculture.

All of the testimony clearly supported assertions of the need for continuation of the seven titles with which this bill deals. Stress was laid on the fact that in addition to other reasons for continuing the authority granted by these titles, several new factors have arisen which are also impelling reasons for such continuance, including the present tragic food shortage throughout the world, the housing situation in the United States, and unsettled labor and industrial conditions recently arisen and now threatened.

The record clearly shows that there has been a rapid lifting of the controls which have been exercised over our economy during the war, and a progressive abandonment of the rigid provisions of the original War Powers Act, evidencing what your committee regards as a sincere purpose and intention by the Office of War Mobilization and Reconversion, by the Civilian Production Administration, and by all the other agencies concerned, to return as rapidly as possible to the normal processes of our economy.

For example, whereas the wartime peak of orders and directives was 3,967, that number had been reduced to less than 220 by early December of 1945; and the reduction has continued in the 6 months intervening between that date and the present time, as testified by Mr. Snyder. With regard to War Production Board controls and subsequent CPA controls of essential agencies, Mr. Small testified that a wartime peak of about 700 orders and schedules, at the height of the war, had been reduced to 61 on December 31 of 1945, went down to 59 in January, back up to 61 in February, down to 60 in March, up to 66 in April, and to 67 in May. The slight increase in recent months, according to the testimony received by the committee, was due to the necessity of putting into effect new orders with respect to housing.

A brief description of the titles of the War Powers Act which are affected by this bill follows:

TITLE I—EMERGENCY POWERS OF THE INTERSTATE COMMERCE COMMISSION OVER MOTOR AND WATER CARRIERS

Although the Office of Defense Transportation does not ask for extension of this title so far as land transport is concerned, the War Shipping Administration urges the extension in order that it may meet problems that still arise or may arise in transportation on the high seas. The bill would extend this title for 9 months.

TITLE II—ACQUISITION AND DISPOSITION OF PROPERTY

This title constituted an amendment of the act of July 2, 1917, authorizing the acquisition by the Government of real or personal property for war purposes. As enacted, it authorized the taking possession of property before condemnation proceedings had been completed. The authority to acquire property under this title has been repealed, but extension of the power to dispose of property under this title is necessary so that departments and agencies which have acquired property may handle its disposition in an orderly and efficient manner. The bill would continue this authority for 9 months.

TITLE III—PRIORITIES POWERS

Title III contains the power to grant priorities and to allocate and ration commodities. Although, as already indicated, most of the orders and directives issued under this power have already been canceled, it is desirable to maintain the authority in order that commodities which are in short supply, like lumber, tin, rubber, sugar, and the like may be equitably distributed to the people and to the industries of the United States. Foreign commitments also must be protected as, for example, by the export of textiles, to areas such as Malaya from which we hope to import tin and rubber, of which we have only inadequate supplies. The bill would extend this title for 9 months, except that for the purpose of allocation of building materials, and facilities related to the utilization of building materials, the extension is until June 30, 1947.

TITLE IV—PURCHASE BY FEDERAL RESERVE BANKS OF GOVERNMENT OBLIGATIONS

This title gives the Treasury the power to sell directly to the Federal Reserve banks not to exceed \$5,000,000,000 worth of securities at any one time. Without this provision, it would be necessary in some cases to buy the securities in the open market and the Treasury would be required to pay substantial sums in fees and commissions, which are avoided by the exercise of this power. Testimony before the committee showed the peak use of this authority was \$1,300,000,000. At the present time, the total is zero, but it was testified the Federal Reserve Board thinks it may be necessary to use this power occasionally during the coming year. The Treasury Department and the Federal Reserve Board both appeared before the committee and recommended the extension of the power as in the public interest. The bill would extend this title for 9 months.

TITLE V—WAIVER OF NAVIGATION AND INSPECTION LAWS

This title conveys the power to waive the navigation and inspection laws. Rules which are necessary and desirable in time of peace for vessels carrying passengers are not necessary in time of war nor in times of demobilization, and it seems desirable to continue this power so long as we have men overseas in large numbers. Testimony before the committee was that under the waiver made possible by this title, more than 7,000,000 men were transported overseas, going and coming, without a single catastrophe. The bill would extend this title for 9 months.

TITLE VII—POLITICAL ACTIVITY

By this title volunteer employees and employees serving only part time or with only nominal compensation, with ration boards and other Government organizations, are exempted from the provisions of the Hatch Act. Without this exemption, it would be impossible to man price rationing boards and the like.

TITLE XI—ACCEPTANCE OF CONDITIONAL GIFTS TO FURTHER THE WAR PROGRAM

This title, previously amended to authorize only contributions for the benefit of the personnel of the armed forces of the United States stationed abroad, is by this bill repealed as of June 30, 1946.

TITLE XIV—UTILIZATION OF VITAL WAR INFORMATION

By the authority of this title Government agencies have had the power to collect and disseminate statistical data within the Government. The Bureau of the Census, for example, has statistical material which would not otherwise be available to the Civilian Production Administration. It is desirable that this power should continue as long as the priority powers particularly are in effect. It should be noted that the authority to collect the desired data already exists; the purpose of the power provided by this title is to avoid duplication and promote efficiency by permitting CPA to use data already gathered by other agencies, instead of having to do the job a second time. The bill would extend this title for 9 months.

Although Government witnesses in many instances asked for extension of all remaining titles of the Second War Powers Act for a full year from the present expiration date of June 30, 1946, it was the view of the committee that the need for speedy action, due to the fact that this expiration date is less than a month away, makes it the part of wisdom for the Senate to pass this bill in the same form in which it was approved by the House, and send it promptly forward to the President.



Calendar No. 1441

79TH CONGRESS
2D SESSION

H. R. 5716

[Report No. 1414]

IN THE SENATE OF THE UNITED STATES

MARCH 19 (legislative day, MARCH 5), 1946

Read twice and referred to the Committee on the Judiciary

JUNE 4 (legislative day, MARCH 5), 1946

Reported by Mr. O'MAHONEY, without amendment

AN ACT

To amend the Second War Powers Act, 1942, as amended.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That title XV, section 1501, of the Second War Powers
4 Act, 1942, approved March 27, 1942, as amended, is
5 amended to read as follows:

6 “SEC. 1501. Titles I, II, IV, V, VII, and XIV of
7 this Act, and the amendments to existing law made by
8 any such title, shall remain in force only until March 31,
9 1947, or until such earlier time as the two Houses of Con-
10 gress by concurrent resolution, or the President may desig-
11 nate, and title III of this Act, and the amendments to

1 existing law made by such title, shall remain in force only
2 until March 31, 1947 (except that for purposes of alloca-
3 tions of building materials, and facilities related to the
4 utilization of building materials, such title III, and the
5 amendments to existing law made by such title, shall remain
6 in force until June 30, 1947), or until such earlier time
7 as the two Houses of Congress by concurrent resolution,
8 or the President, may designate, and after such amendments
9 cease to be in force any provision of law amended thereby
10 shall be in full force and effect as though this Act had not
11 been enacted; but no court proceedings brought under any
12 such title shall abate by reason of the termination here-
13 under of such title.”

14 Title XI of the Second War Powers Act, 1942, as
15 amended, is hereby repealed as of June 30, 1946.

Passed the House of Representatives March 15, 1946.

Attest:

SOUTH TRIMBLE,

Clerk.

79TH CONGRESS
2^D SESSION

H. R. 5716

[Report No. 1414]

AN ACT

To amend the Second War Powers Act, 1942,
as amended.

MARCH 19 (legislative day, MARCH 5), 1946
Read twice and referred to the Committee on the
Judiciary

JUNE 4 (legislative day, MARCH 5), 1946
Reported without amendment

H. R. 5716

IN THE SENATE OF THE UNITED STATES

JUNE 8 (legislative day, MARCH 5), 1946

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. MOORE to the bill (H. R. 5716)
to amend the Second War Powers Act, 1942, as amended,
viz:

- 1 On the first page, line 6, after "II," insert "III,".
- 2 On the first page, lines 8 and 9, strike out "March 31,
- 3 1947", and insert in lieu thereof "December 31, 1946".
- 4 On the first page, beginning with the word "and" where
- 5 it first appears in line 11, strike out down through and
- 6 including the comma following the word "designate" in
- 7 line 8, page 2.

H. R. 5716

AMENDMENTS

Intended to be proposed by Mr. Moore to the bill (H. R. 5716) to amend the Second War Powers Act, 1942, as amended.

JUNE 8 (legislative day, MARCH 5), 1946

Ordered to lie on the table and to be printed

CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE

Legislative Reports and Service Section

(For Department staff only)

Issued

June 24, 1946

For actions of

June 21, 1946

79th-2nd, No. 121

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HIGHLIGHTS: President approved agricultural appropriation bill (June 22). Senate committee reported bill to continue Sugar Act for 3 years. Both Houses received conference report on selective-service continuation; proposed change regarding farm-labor deferment eliminated. Senate passed Hobbs anti-racketeering bill. Senate passed bill to continue priorities powers for one year. Senate confirmed nomination of Steelman to OWMR. House agreed to resolution giving Appropriations Committee (including Tarver subcommittee) \$30,000 to continue investigations of executive agencies. Rep. Clason blamed USDA and OPA for grain shortage and poultry losses.

BILL APPROVED BY THE PRESIDENT

1. AGRICULTURAL APPROPRIATION ACT, 1947, H. R. 5605. Approved June 22, 1946 (public law number not yet available). See page 5 for comparative statement of 1946 appropriations and 1947 Budget estimates with the 1947 Act.
2. SUGAR-ACT CONTINUATION. The Finance Committee reported H. R. 6689, to continue the Act for three years (June 20, S. Rept. 1555). The House version would continue the Act for one year.
3. SELECTIVE SERVICE. Both Houses received the conference report on H. R. 6064, to continue the Selective Training and Service Act (pp. 7392-3, 7478-80). The conference report provides for continuation of the Act until Mar. 31, 1947, authorizes induction of non-fathers between 19 and 45, makes no changes in the law regarding deferment of farm labor, and does not include the proposed change regarding deferment of students and others in scientific and engineering work.
4. NAVAL APPROPRIATION BILL. Passed with amendments this bill, H. R. 6496 (pp. 7394-11). There was discussion of the provision regarding strikes against the Government (pp. 7408-11). Conferees were appointed (p. 7411).
5. TREASURY-POST OFFICE APPROPRIATION BILL. Passed with amendments this bill, H. R. 5452 (pp. 7411-15). Conferees were appointed (p. 7415).
6. STATE, JUSTICE, COMMERCE, JUDICIARY APPROPRIATION BILL. Passed with amendments this bill, H. R. 6056 (pp. 7415-33). Conferees were appointed (p. 7433).

7. ANTI-RACKETEERING. Passed without amendment H. R. 32, the Hobbs bill to prohibit racketeering in connection with transportation, etc., of commodities (pp. 7433-4). This bill will now be sent to the President.
8. WAR POWERS. Passed with amendment H. R. 5716, to continue various provisions of the Second War Powers Act, including continuation of the priorities power until June 30, 1947 (pp. 7437-8). Agreed to an amendment by Sen. Moore, Okla., to state that nothing in this act or any other act, except the Price Control and Stabilization Acts, shall be construed to authorize price control (p. 7438).
9. NOMINATION. Confirmed the nomination of John R. Steelman to be Director of the Office of War Mobilization and Reconversion (p. 7439).
10. PERSONNEL. The Civil Service Committee reported the following bills without amendment (p. 7391):
 - S. 2083, to amend Sec. 6 of the Classification Act of 1923 so as to provide that in any case in which a public or private organization is made a part of a Government department or agency, the initial compensation of any person employed by such organization who, without break in service, becomes an officer or employee of the Government agency, shall be established in accordance with rules 2, 3, 4, and 5 of this section (S. Rept. 1566).
 - H. R. 3492, to protect certifying and disbursing officers from having their retirement fund attached unless the department head says the payment involved fraud (H. Rept. 1567).
 - H. R. 4651, to provide for full annuity under the Retirement Act for a disabled employee who later recovers but cannot find a job (S. Rept. 1568).
- The Education and Labor Committee reported with amendments S. 1178, providing equal pay for equal work for women (S. Rept. 1676) (p. 7391).
11. FORESTRY. The Public Lands and Surveys Committee reported without amendment H. R. 5840, to authorize exchange of certain forest land in Colo. (S. Rept. 1572) (p. 7391).
12. CONTRACTS. The Education and Labor Committee reported with amendment S. 1561, to amend the act regarding compensation, injury, etc., of employers of contractors with the Government outside the U. S., so as to make the 100% earning provision effective as of Jan. 1, 1942 (S. Rept. 1574) (p. 7391).
13. RECESSED until Mon., June 24 (p. 7439).

HOUSE

14. RESEARCH; PUBLIC LANDS. Passed as reported H.R. 5876, to authorize renewal of a lease to a railroad of a tract of land in the USDA Range-Livestock Experiment Station, Mont., for a right-of-way to said tract, and for removal of gravel and ballast material (pp. 7454-5).
15. APPROPRIATIONS; INVESTIGATIONS. Agreed to a resolution giving the Appropriations Committee or any of its subcommittees (including the Tarver subcommittee) \$30,000 additional to continue investigations of executive departments and agencies (p. 7441). This resolution was reported earlier by the Accounts Committee (p. 7483).

secretary to the President of the United States:

THE WHITE HOUSE,
Washington, June 21, 1946.

HON. KENNETH MCKELLAR,
President pro tempore of the Senate,
Washington, D. C.

DEAR SENATOR: The President has much pleasure in inviting you and, through you, the Members of the United States Senate to attend the exercises at the White House on Monday, June 24, next, at 11 a. m., when the oath of office will be administered to the Honorable Fred M. Vinson as Chief Justice of the United States.

Please ask the Members to enter the White House by the east entrance.

Sincerely,

MATTHEW J. CONNELLY,
Secretary to the President.

EXTENSION OF SECOND WAR POWERS ACT OF 1942

Mr. O'MAHONEY, Mr. MURPHY, and Mr. BALL addressed the Chair.

The PRESIDENT pro tempore. The Senator from Wyoming is recognized.

Mr. O'MAHONEY. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. O'MAHONEY. What is the present parliamentary status?

The PRESIDENT pro tempore. There is nothing before the Senate.

Mr. O'MAHONEY. Then, Mr. President, I move that the Senate proceed to the consideration—

Mr. MURRAY. Mr. President—

The PRESIDENT pro tempore. The Chair is informed that before the present occupant of the Chair assumed the Chair, the former occupant had recognized the Senator from Montana.

Mr. O'MAHONEY. Mr. President, will the Senator yield to me?

Mr. MURRAY. Mr. President, I wish to bring up House bill 4437, a bill to provide for the return to the States of public employment offices. While another bill was before the Senate I gave notice that immediately upon the conclusion of consideration of that bill I wished to make this bill the order of business.

Mr. O'MAHONEY. Mr. President, if the Senator will indulge me, let me say that I have had an understanding with the leadership that as soon as the appropriation bills are out of the way we would proceed to the consideration of the bill to extend the Second War Powers Act. The act expires at the end of the month. I feel that it probably would not require much time.

Mr. MURRAY. Very well.

Mr. O'MAHONEY. Mr. President, with the indulgence of the Senator from Montana [Mr. MURRAY] I move that the Senate proceed to the consideration of Calendar No. 1441, House bill 5716.

The PRESIDENT pro tempore. The bill will be stated by title for the information of the Senate.

The CHIEF CLERK. A bill (H. R. 5716) to amend the Second War Powers Act of 1942, as amended.

The PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Wyoming.

The motion was agreed to; and the Senate proceeded to consider the bill.

Mr. WHITE. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. WHITE. What is the present parliamentary situation?

The PRESIDENT pro tempore. The parliamentary situation at the present time is that House bill 5716, a bill to amend the Second War Powers Act of 1942, as amended, is before the Senate.

Mr. WHITE. Let me inquire what change is proposed in the Second War Powers Act.

Mr. O'MAHONEY. Mr. President, I shall be very happy to make that explanation the moment I am permitted to do so.

The PRESIDENT pro tempore. The Senator from Wyoming is recognized.

Mr. O'MAHONEY. Mr. President, the Second War Powers Act, as it was originally passed, consisted of 14 effective titles. The House and Senate Committees on the Judiciary have progressively cut down the act and have eliminated from its provisions about 50 percent of the titles which were originally included in it.

The bill as passed by the House extends for a period of 9 months titles I, II, IV, V, VII, and XIV, and it repeals title XI as of June 30, 1946, and extends title III, the priority title, until the 30th of June, 1947. As I have said, of the 14 substantive titles contained in the act, two have already expired, namely, title VIII and title XII. Title IX has been replaced by permanent legislation; Titles X and XIII were also enacted as permanent legislation by a previous Congress, and they required no extension. Title VI expires as of the 30th of June, 1946, and this measure contains no provision to extend it.

So it transpires that of the original 14 titles in the act, only 7 remain; and of those, title III is the most important. It enables the Civilian Production Administration to continue the allocation of materials.

It was deemed essential by the committee that that power be extended, because there still are several commodities which are in excessively short supply—for example, sugar. The power to ration sugar is contained in title III of the act. I think every Member of Congress knows that before the war the United States received annually from the Philippines approximately 1,200,000 tons of sugar. There was a general hope that by the end of hostilities with Japan the production of sugar in the Philippines might be reestablished and that the United States would shortly obtain supplies from that source. It now appears, however, that such hopes have been completely disappointed. The Philippines will not send to the United States, either next year or the year after that, and probably not for 3 or 4 years, anything to compare with the original supplies of sugar which we were accustomed to receive from them. For example, it is estimated that not to exceed 1,400 or 1,500 tons of sugar can be received from the Philippines next year. So the rationing power must be retained.

Then let us consider the case of tin. The representations made before the committee are to the effect that there are not more than 30,000 tons of tin avail-

able in the United States. Under the allocation power the Civilian Production Administration distributes the tin. I may say to the Senator, briefly, that the Civilian Production Administration has been diligent in eliminating directives and orders under the War Powers Act. The Civilian Production Administration is the successor, as the Senator knows, of the War Production Board. At VE-day there were some 660 or 670 orders and directives in effect. There now remain in effect only 66.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I am glad to yield to the Senator.

Mr. AIKEN. Does the act contain the power to ration or allocate any foods other than sugar? Is the authority to ration contained in this act or in the Stabilization Act?

Mr. O'MAHONEY. It contains, for example, the power under which the purchase of grain was made.

Mr. AIKEN. Yes. But does this act end the power of so-called consumer rationing? It contains provision for the extension of priorities and, I take it, the allocation of certain materials.

Mr. O'MAHONEY. That is the purpose for which it has been used. No other rationing has been put into effect, and none is contemplated.

Mr. AIKEN. But the orders as to fats and other foods were authorized by the Price Control and Stabilization Act; were they not?

Mr. O'MAHONEY. No. The rationing power was not authorized by the OPA, but by the Civilian Production Administration. But it was enforced by the OPA.

Mr. AIKEN. Then the extension of this act is absolutely necessary for the continuation of rationing; is it not?

Mr. O'MAHONEY. That is correct.

Mr. President, I have before me a list of various Civilian Production Administration orders which were in effect as of May 1, 1946. It appears on page 51 of the hearings. I ask unanimous consent that that list, together with the table showing the number of orders in effect monthly from December 31 last up through May 1946 may be printed at this point in the RECORD.

There being no objection, the table and list were ordered to be printed in the RECORD, as follows:

The orders and schedules, and the CPA orders in effect as of May 1, 1946, are as follows:

	Orders	Schedules	Total
December 31	43	18	61
January	42	17	59
February	43	18	61
March	42	18	60
April	48	18	66
May 1	49	18	67

¹ War Production Board peak (approximate), 700.

CPA ORDERS IN EFFECT AS OF MAY 1, 1946

Automotive branch: L-352, export of automobiles and trucks.

Chemicals Division: L-353, cane alcohol; L-354, lead chemicals (new); L-355, ethyl fluid (new); M-131, cinchona bark and cinchona alkaloids; M-300, chemicals and allied products; schedule 118, penicillin; schedule 119, streptomycin; M-333, tapioca flour;

M-387, rosin (reporting requirements only); M-390, hide glue stock; M54, molasses.

Forest Products Division: L-103, glass containers and closure simplification; schedule A, distilled spirits; schedule B, malt beverages; schedule C, certain food products; schedule D, wines; schedule E, protective coatings.

Miscellaneous Minerals Branch: M-285, uranium.

Production scheduling: M-293, scheduled products.

Rubber Division: R-1, rubber, synthetic rubber, balata, and products thereof; appendix I, rubber, synthetic rubber, balata, and products thereof; appendix II, manufacturing regulations.

Imports Division: M-63, imports of strategic materials.

Solid Fuels Administration: M-316, bituminous coal; M-318 anthracite coal.

Steel Branch: M-21, iron and steel production.

Textile Division: L-85, apparel for feminine wear; schedule 1, women's, misses', and junior misses' dresses; schedule 2, women's, misses', and junior misses' blouses; schedule 3, women's, misses', and junior misses' coats, fur coats, toppers, suits, jackets, shirts, slacks, overalls, coveralls, play suits, and shorts; schedule 4, feminine neckwear; schedule 5, children's apparel for outer wear; L-99, cotton-textile production; L-116, feminine lingerie and certain other garments; L-118, feminine lounging wear and certain other garments; L-181, men's work clothing; L-224, clothing for men and boys; M-47, bur-lap and burlap products; M-84, cordage fiber, cordage yarn, and cordage; M-85, kapok; M-217, footwear; M-221, textile bags; M-277, vegetable tanning materials; M-310, hides, skins, and leather; M-317, cotton-textile distribution and sale yard products; M-317A, cotton fabric preference ratings and restrictions; M-317C, cotton sale yard production and distribution (new); M-228, provisions applicable to textiles, clothing, and related products; M-328B, special programs: textile clothing and related products; schedule C, special program for cotton fabrics for civilian apparel items; schedule F, special program for work gloves; schedule J, special program for rayon civilian items; schedule K, special program for wool civilian items; M-375, work gloves; M-391, rayon fabrics (new).

Tin, Lead, and Zinc Branch: M-38, lead; M-43, tin; M-81, cans; M-112, antimony; M-325, tinplate scrap.

Utilities Branch: U-2, communications.

Wholesale and Retail Branch: L-63, suppliers; L-219, consumers' goods inventories.

Forty-six orders (excluding directions), 18 schedules and appendices; total, 64.

L. F. FOSTER,

*Director, Controls Readjustment
Division, Bureau of Reconversion
Priorities.*

Mr. O'MAHONEY. Mr. President, the Senate committee reported the bill in exactly the same form in which it was passed by the House; the committee has proposed no amendment. I understand that the Senator from Oklahoma [Mr. Moore] has prepared an amendment which has been printed. I have not had an opportunity to see it as yet. But if it is what the Senator described it to me to be, I shall have no objection to the amendment. The purpose of it is to make certain that the powers granted by this act shall not be used for the purpose of price stabilization. They were not intended for such use, and I see no objection to the adoption of such an amendment.

Mr. MOORE. Mr. President, I offer the amendment which lies on the desk, and I ask to have it stated.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 2, after line 15, it is proposed to insert a new section, as follows:

SEC. 2. Title XV of such act, as amended, is amended by inserting at the end thereof a new section as follows:

"SEC. 1503. Nothing contained in this act or any other act (except the Emergency Price Control Act of 1942, as amended, or the Stabilization Act of 1942, as amended), shall be construed to authorize the establishment by any officer or agency of the Government of maximum prices for any commodity or maximum rents for any housing accommodations."

Mr. O'MAHONEY. Mr. President, I see no objection to the amendment.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Oklahoma [Mr. Moore].

The amendment was agreed to.

The PRESIDENT pro tempore. The bill is open to further amendment.

If there be no further amendment to be proposed, the question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time and passed.

RETURN OF PUBLIC EMPLOYMENT OFFICES TO STATE OPERATION

Mr. HILL. Mr. President, I understand that the Senator from Montana [Mr. MURRAY] desires to move that the Senate proceed to the consideration of House bill 4437, Calendar No. 1290.

Mr. MURRAY. Mr. President, I move that the Senate proceed to the consideration of House bill 4437, providing for the return to State operation of public employment offices.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 4437) to provide for the return of public employment offices to State operation, to amend the act of Congress approved June 6, 1933 (48 Stat. 113), and for other purposes.

Mr. BALL. Mr. President, will the Senator yield?

Mr. MURRAY. I yield.

Mr. BALL. I was on the subcommittee which worked on the bill. I have been conferring about it with a number of Republican Senators who wish to confer again on Monday morning. I wonder whether it is the intention of the Senator from Montana to try to have the Senate proceed with consideration of the bill tonight, or to let the bill go over until Monday so as to enable the Senators I have mentioned to determine whether they wish to offer amendments.

Mr. MURRAY. I say to the Senator from Minnesota that I am agreeable to having the bill go over until Monday.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the Committee on Military Affairs.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

The following favorable reports of nominations were submitted:

By Mr. WALSH, from the Committee on Naval Affairs:

Vice Adm. James L. Kauffman, United States Navy, to be a vice admiral in the Navy, for temporary service, to rank from the 3d day of April 1945;

Several naval aviators of the Marine Corps Reserve to be lieutenants in the Regular Marine Corps; and

Sundry officers for appointment in the United States Marine Corps.

By Mr. CHAVEZ, from the Committee on Post Offices and Post Roads:

Sundry postmasters.

By Mr. JOHNSON of Colorado, from the Committee on Military Affairs:

The following-named persons for appointment to positions indicated in the selective service:

Col. Claude C. Earp, State director, Missouri;

Harry F. Besosa, State director, Puerto Rico;

John L. McCormick, State director, Alaska;

Vivian B. Collins, State director, Florida;

Paul G. Armstrong, State director, Illinois;

John Van B. Metts, State director, North Carolina;

Holmes B. Springs, State director, South Carolina;

Carleton C. Pierce, State director, West Virginia;

Candler Cobb, director, New York City;

Homer A. Higgins, State medical adviser, Arkansas and Oklahoma;

Philip H. Bartholomew, State medical adviser, Nebraska;

Troy W. Lewis, Chief, Legal Division, Arkansas;

Frank D. Norton, administrative officer, District of Columbia headquarters.

Joseph A. Bell, administrative officer, Research and Statistics Division, Philadelphia branch;

Joseph Kormann, Assistant Chief, Research and Statistics Division, Philadelphia branch;

Raymond V. Bowers, Assistant Chief, Research and Statistics Division, national headquarters;

William Green de Rosset, records analyst, national headquarters;

Edmund A. Flagg, executive, Communications and Records Division, national headquarters;

Angus J. Gallagher, Chief, Headquarters Division, national headquarters;

Ronald M. Holmes, Chief, Appointments and Personnel Division, national headquarters;

Colgate Hoyt, Assistant Chief, Veterans Personnel Division, national headquarters;

Austin S. Imirie, administrative officer, national headquarters;

Raymond M. Lancaster, fiscal accountant, national headquarters;

Kenneth H. McGill, Chief, Research and Statistics Division, national headquarters; and

James M. Smith, Assistant Chief, Research and Statistical Division, national headquarters.

The PRESIDENT pro tempore. If there be no further reports of committees, the clerk will state the nominations on the calendar.

CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Legislative Reports and Service Section
(For Department staff only)

Issued June 25, 1946
For actions of June 24, 1946
79th-2nd, No. 122

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HIGHLIGHTS: House received conference report on price-control bill. Senate committee reported bill to encourage utilization of surplus agricultural commodities through increased uses and development of improved marketing and storing methods. House Rules Committee cleared bill to continue Land Bank Commissioner loans. House received appropriation estimate to continue farm-labor supply program through June 30, 1947. Rep. Gross criticized Secretary Anderson's statements on hog production. Rep. Springer proposed readjustment in meat and poultry prices, cancellation of 80% wheat-flour order, and increased farm-machinery production. House committee reported bill to provide for additional Assistant Secretaries of Commerce.

SENATE

1. **EMPLOYMENT OFFICES.** Debated H. R. 4437, to provide for the return of public employment offices to the States (pp. 7494-521). Sens. Russell and Wherry raised doubts as to whether the provision for a USES farm placement service would duplicate the USDA farm-labor supply program (pp. 7501-2).
2. **WAR POWERS.** Senate and House conferees were appointed on H. R. 5716, to continue parts of the Second War Powers Act, including priorities powers (pp. 7494,7528).
3. **HOUSING.** Passed without amendment S. 2341, to preserve FHA authority to insure mortgages on existing construction which would otherwise terminate July 1, and to remove the limitation which would otherwise prevent insurance of such mortgages if the aggregate amount thereof should equal or exceed 35% of the total amount of insured mortgages (pp. 7521-2).
4. **RESEARCH; UTILIZATION.** The Agriculture and Forestry Committee reported with amendment S. 1908, to provide for maximum and most effective utilization of surplus agricultural commodities through increased industrial and other uses and through the development of improved methods of storing and marketing such commodities (S. Rept. 1583)(p. 7488).
5. **GRAIN SHORTAGE; SELECTIVE SERVICE.** Received a petition from an individual opposing use of grain for alcohol and urging exemption and release of farmers from military service during the food shortage (pp. 7487-8).
6. **SOIL CONSERVATION; SURPLUS PROPERTY.** Received a S. Dak. Legislature memorial favoring legislation to authorize the Department to requisition surplus property for soil-conservation work (p. 7486).

7. HEALTH. Received petitions from various doctors, etc., opposing S. 1606, the national health bill (p. 7486).
8. FLOOD CONTROL. Received a War Department survey report on St. Johns River, Fla. To Commerce Committee. (p. 7488.)
9. DEPRESSIONS. Sen. Guffey, Pa., inserted Secretary Wallace's article, "A Way to Check Depressions" (pp. 7489-91).
10. RESEARCH LANDS. Passed without amendment H. R. 5876, to authorize this Department to extend the lease of a tract of experiment-station land to a railroad in Mont. (p. 7494). This bill will now be sent to the President.

HOUSE

11. PRICE CONTROL. Received the conference report on H. R. 6042, to amend and extend the Price Control and Stabilization Acts (pp. 7556-66).

Summary of bill as revised by conferees: Continues these Acts until June 30, 1947. Provides that, on the first day of the first month which begins more than 30 days after enactment of this bill, the Secretary of Agriculture shall certify to the Price Administrator each agricultural commodity in short supply, and that thereafter the Secretary shall make modifications if conditions change and that no ceiling shall be applicable in the absence of such certification. Requires the Secretary to recommend removal of ceilings on all agricultural commodities not important to business costs or living costs; and requires the Price Administrator to conform to these recommendations. Permits the Secretary to arrange for reestablishment of ceilings on agricultural commodities with the approval of the Decontrol Board. Prohibits the Secretary from being under control of any appointive officer. Prohibits control of agricultural commodities unless they had been controlled before Apr. 1, 1946. Provides for petitions from industry advisory committees for removal of ceilings. Establishes a Price Decontrol Board to hear petitions, etc., on non-agricultural commodities. Continues authority for subsidies with several limitations. Includes sea food as an agricultural commodity. Limits authority for ceilings on cotton goods. Authorizes the Secretary to allocate feed which he controls to feeders of livestock and poultry in domestic areas which are in emergency shortage condition. Includes provisions to guarantee farmers against losses for selling wheat to the Government. Requires the President, by Jan. 15, 1947, to recommend any further legislation to insure that price control can be ended by June 30, 1947; and requires him, by Apr. 1, 1947, to report to Congress any commodities which will need to be controlled after June 30 and what agencies should control them.

12. LAND BANK COMMISSIONER LOANS. The Rules Committee reported a resolution for the consideration of H.R. 6477, to authorize continuation of Land Bank Commissioner loans until July 1, 1951; to limit such loans to refinancing for the period July 1, 1946, to July 1, 1951, except as may be otherwise specified by Congressional resolution; and to authorize repayment to the Treasury of capital in excess of that necessary to carry on the functions of the Federal Farm Mortgage Corporation (pp. 7526, 7567).
13. APPROPRIATIONS. Reps. Sheppard, Thomas (Tex.), Coffee, D'Alesandro, Plumley, Johnson (Ind.), and Ploeser were appointed conferees on H.R. 6496, the Naval appropriation bill, 1947 (p. 7529). Senate conferees appointed June 21. Reps. Robaut, Hare, Gary, Stefan, and Jones were appointed conferees on H.R. 6056, the State, Justice, Commerce, and Judiciary appropriation bill, 1947

Times, which appeared in the Times of yesterday. Mr. Clark is a well-known lawyer of New York City, and he was one of the sponsors of the Dublin (N. H.) Conference, and was counsel for the Dublin Conference committee in preparing the petition to the General Assembly. The letter deals with the report made by Mr. Baruch, but particularly it deals with world government, and I wish to read a paragraph from the letter:

We should not be misled by the fact that the field of Federal jurisdiction is at the start to be restricted to atomic energy only. It remains true that within that field the plan calls for government in its true sense and with all its implications.

The announcement of this plan is heartening to those who have long perceived that unmodified sovereignty is incompatible with peace and that freedom from fear can be bought at no cheaper price than the acceptance of world government.

The letter is an illuminating one and is well worth the reading by all Members of the Senate.

I rose to say, Mr. President, that if Mr. Clark's evaluation of the proposal made by Mr. Baruch is accurate, and it seems to me to be an accurate and fair appraisal, then this proposal is one on which the American people are entitled to a referendum, and I may add that I have no doubt the American people will in time take a referendum upon the proposal if it should be accomplished without submission to the people in advance.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

WORLD GOVERNMENT—A BEGINNING IS SEEN IN BARUCH PROPOSALS ON ATOMIC CONTROL

TO THE EDITOR OF THE NEW YORK TIMES:

Will the effort to create a limited world government succeed in time to forestall World War III? Will the recent proposals of the United States for an International Atomic Development Authority, the first great official plan for limited world government, become a reality? These are the great questions of our time. They transcend all other questions, foreign or domestic.

Let there be no mistake as to the effect of the proposals presented by Mr. Baruch in his forceful and eloquent speech on June 14. That plan calls for nothing less than a considerable beginning in Federal world government.

The essence of government is law—law in the sense of rules binding upon individuals and enforceable by sanctions imposed by the law-making authority. The American plan contains these essentials. Thus, when Mr. Baruch calls for a world agreement for renunciation of the bomb with "condign punishments set up for violations of the rules of control which are to be stigmatized as international crimes," he is speaking of nothing less than binding and enforceable world law. In a word, he is speaking of limited world government.

Thus also when he says that "national authorities for the control and development of atomic energy should to the extent necessary" be "subordinate" to the new authority, and that there must be a "clear demarcation of the scope of duties and responsibilities of such national authorities," he is speaking of world government with a federal character. He is discussing the old problem, familiar to all Americans, of the proper division between the delegated powers of a federal government and the powers reserved to the constituent units of the federation.

START OF JURISDICTION

We should not be misled by the fact that the field of federal jurisdiction is at the start to be restricted to atomic energy only. It remains true that within that field the plan calls for government in its true sense and with all its implications.

The announcement of this plan is heartening to those who have long perceived that unmodified sovereignty is incompatible with peace and that freedom from fear can be bought at no cheaper price than the acceptance of world government. The encouragement is the greater in that the proposals mark a complete reversal of American policy.

As James B. Reston has often pointed out in the Times, our own Government originally proposed that the permanent members of the Security Council, now the Big Five, should have a veto in the Council on substantive issues. At San Francisco, our delegation upheld this veto. Yet, Mr. Baruch, speaking officially for our administration, says "There must be no veto to protect those who violate their solemn agreements not to develop or use atomic energy for destructive purposes."

The implications of this statement can hardly be overstressed, since the principle cannot and will not be limited to atomic energy. If the veto will not do and if government must prevail in respect of the atom bomb, must not the same conclusion follow as to blockbusters and incendiaries, as to bacteriological and chemical warfare, and as to all heavy armament and means of mass destruction?

Is it not clear that once sovereignty is modified in one field, it will merely be a matter of time before modification occurs in other fields where the preservation of civilization plainly requires an extension of world law? As Mr. Baruch said, why should not the abolition of the veto apply to "the elimination of war" itself? Thus, this revolution in American policy implies much more than the control of atomic energy. It is no less than the entering wedge whereby world government will be gradually developed.

INCOMPLETENESS NOTED

Nevertheless, this recognition of the immense significance of the proposals should be accompanied by a realization of their incompleteness in at least two vital respects. Thus, on the question as to whether the new authority shall be independent of the United Nations or shall function under its direction, Mr. Baruch was indefinite. Here a dilemma is presented. On the one hand, it would be conceivable only as a last resort that the authority should function otherwise than under United Nations' control. If left independent, the authority, with its great mission and extensive powers exercisable without nullification by veto, would surely overshadow the United Nations, which would probably lapse into innocuous desuetude.

Moreover, it would be inefficient and confusing to have two world authorities functioning in closely related fields under different forms of organization and different voting procedures. On the other hand, to subject the authority to the control of the United Nations in its present form would be even more inadmissible, since the present defective structure of the United Nations would also subject it to paralysis.

The other major omission is the absence of any definite proposal to solve the interrelated problems of balanced representation and voting procedure. Few will deny Mr. Baruch's proposition that a veto rule is wholly incompatible with the workable control of atomic energy. But unless this conclusion is supplemented by a well-devised new system of representation and voting, the mere condemnation of the veto will accomplish nothing.

To resolve these problems, the remedy is the early and necessarily radical amendment of the United Nations Charter, so as to make the United Nations itself a limited world government, with the authority as one of its agencies. The framing and adoption of such amendments would seem, indeed, to be absolutely indispensable, if the drastic alternative of entirely by-passing the United Nations is to be avoided. The next step, therefore, must be a discussion as to the kind of amendments required. And it would seem essential that all those having the responsibility, namely, the Atomic Energy Commission, the Security Council, and the General Assembly, should join in this discussion.

The most vital amendment must reconstitute the General Assembly on a fair basis of balanced representation that will take into account not only population but other relevant factors. This is the key problem because, until solved, it would be found impossible to deal with the companion issue of voting procedure or to determine the legislative authority to be conferred upon the Assembly.

In considering the amendments necessary to harmonize the new authority with the United Nations, Mr. Baruch and his associates are dealing with questions that have already had long consideration.

BALANCED REPRESENTATION

What factors besides population should be considered in the apportionment of representation in the Assembly, and what is the fairest and most acceptable plan of balanced representation? Should representatives vote in blocs for their countries or as individuals; and should all decisions be by majority or sometimes by a larger vote? What are the minimum legislative powers that the Assembly must have in order to prevent war?

It is possible that a recent detailed petition to the General Assembly for amendment of the Charter may be of use at this juncture. This petition resulted from the conference on world government at Dublin, N. H., in October 1945. The Dublin conference called for transforming the United Nations into a federal world government with "limited but adequate power to prevent war," this result to be achieved, if possible, by amendment of the Charter.

This petition called for discarding the obsolete conception of one vote for each country in the Assembly, whereby Liberia has an equal vote with the United States and Luxembourg with the United Kingdom. Instead, it proposed a concrete formula for weighting the representation of the member countries. Thus, to illustrate, the United States, the British Commonwealth and Empire, as a whole, and the Soviet Union, as a whole, would be allotted equal voting power, each with 65 representatives. China and France would each have 25 representatives, Belgium 9, Argentina 8, Norway 4, and so on, in view not merely of relative populations but of such factors as natural and industrial resources.

SPECIFIC POWERS

Assuming this basic change, the petition then proposed that all decisions be by majority vote with each representative voting as an individual. Finally, it set forth the specific legislative powers to be given to the reconstituted Assembly. These would permit the outlawing of war itself, the control of the atomic bomb and other major weapons, and the punishment of individuals for violation of the restricted class of laws that could be enacted.

It is of interest that, with the change of only a few phrases, these proposed amendments would include all the powers envisaged by Mr. Baruch for the Atomic Energy Authority. Perhaps these proposals, while far

from perfect, can throw light upon the reconciliation of the authority with the United Nations and upon a plan of representation and voting which would make the elimination of the veto acceptable even to two-thirds of the American Senate and the Soviet Union.

Looking back even 1 year, immense progress has been made in the fight for world government. Where a few months ago those who insisted upon the inadequacy of the present Charter were called perfectionists, such disparagement is no longer heard. Instead of the veto being defended as essential, it is now admitted to be a fatal obstacle. By Mr. Baruch's great speech, the way has been opened for amendments of the Charter which, while confined at first to the control of atomic energy, can readily furnish a guaranty, in Mr. Baruch's phrase "against war itself."

OBSTACLES STILL

It would be folly to ignore, however, the formidable obstacles still to be overcome. Cynicism and defeatism still persist. Vestiges of isolationism survive. There remains a chasm of suspicion and misunderstanding between Russia and ourselves, for which we are equally at fault, and which must be bridged by mutual forbearance.

There may be some to say that the necessity for world government is so plain that its coming is inevitable. It is probably true that world government is on its way. But the question remains whether it will come soon or only after mankind has been still further chastened by another and yet more frightful war.

It is only a combination of clear political thought and of persistent work that can prevail in time. There was never a better moment to recall the famous saying of Mr. Justice Holmes: "The mode by which the inevitable happens is effort."

GRENVILLE CLARK.

DUBLIN, N. H., June 20, 1946.

RENEWAL OF LEASE TO CHICAGO, MILWAUKEE, ST. PAUL & PACIFIC R. R. CO.

Mr. THOMAS of Oklahoma. Mr. President, the House of Representatives has just sent to the Senate the bill (H. R. 5876) authorizing the Department of Agriculture to renew a lease on some gravel beds in Montana. The office of the senior Senator from Montana [Mr. WHEELER] asked me to watch for the bill and request that the Senate consider it on its arrival in the Senate. The Senate Committee on Agriculture and Forestry has considered a similar bill, which provides word for word what is provided by the House bill, and the Senate bill is on the calendar at this time.

My request is that the Senate now take up the House bill and pass it. There is no objection to it from any source.

The PRESIDENT pro tempore. The Chair lays before the Senate a bill coming over from the House of Representatives.

The bill (H. R. 5876) to authorize the Secretary of Agriculture to extend and renew to Chicago, Milwaukee, St. Paul & Pacific Railroad Co. for the term of 10 years a lease to Henry A. Scandrett, Walter J. Cummings, and George I. Haight, trustees of Chicago, Milwaukee, St. Paul & Pacific Railroad Co., of a tract of land in the United States Department of Agriculture Range Livestock Experiment Station, in the State of Montana, and for a right-of-way to said tract, for the removal of gravel and ballast material, executed under the author-

ity of the act of Congress approved June 25, 1936, was read twice by its title.

Mr. WHITE. Mr. President, I understand this bill in its substance provides for a renewal of a previous lease given to the trustees of the Milwaukee road, permitting them to enter upon land of the Department of Agriculture and take gravel therefrom at a fixed figure agreed upon in the bill.

Mr. THOMAS of Oklahoma. The Senator is correct. The present lease will expire at the end of this month, which is only 5 or 6 days hence.

The PRESIDENT pro tempore. Is there objection to the consideration of the bill?

There being no objection, the bill (H. R. 5876) was considered, ordered to a third reading, read the third time, and passed.

Mr. THOMAS of Oklahoma. Mr. President, I ask unanimous consent that Senate bill 2014, now on the calendar, be indefinitely postponed.

The PRESIDENT pro tempore. Without objection, it is so ordered.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Swanson, one of its reading clerks, announced that the House had passed without amendment the following bills of the Senate:

S. 2218. An act to amend the District of Columbia Alley Dwelling Act, approved June 12, 1934, as amended; and

S. 2219. An act to extend for the period of 1 year the provisions of the District of Columbia Emergency Rent Act, approved December 2, 1941, as amended.

The message also announced that the House had agreed to the amendments of the Senate to the bill (H. R. 3565) to authorize the charging of tolls for the passage or transit of Government traffic over the San Francisco-Oakland Bay Bridge.

The message further announced that the House had disagreed to the amendment of the Senate to the bill (H. R. 5716) to amend the Second War Powers Act, 1942, as amended; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. SUMNERS of Texas, Mr. HOBBS, and Mr. HANCOCK were appointed managers on the part of the House at the conference.

EXTENSION OF SECOND WAR POWERS ACT OF 1942

The PRESIDENT pro tempore laid before the Senate a message from the House of Representatives announcing its disagreement to the amendment of the Senate to the bill (H. R. 5716) to amend the Second War Powers Act, 1942, as amended, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. McCARRAN. I move that the Senate insist upon its amendment, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. O'MAHONEY, Mr. HUFFMAN, and Mr. FERGUSON conferees on the part of the Senate.

RETURN OF PUBLIC EMPLOYMENT OFFICES TO STATE OPERATION

The Senate resumed consideration of the bill (H. R. 4437) to provide for the return of public employment offices to State operation, to amend the act of Congress approved June 6, 1933 (48 Stat. 113), and for other purposes.

Mr. TUNNELL. Mr. President, on Friday last House bill 4437, providing for the return to State operation of public employment offices, was made the unfinished business. I ask unanimous consent that Mr. Albert D. Misler, attorney in the Solicitor's Office of the Department of Labor, be permitted to sit beside me during the discussion of this bill in the Senate.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. TUNNELL. Mr. President, I believe at the very outset it should be made clear to the Members of the Senate that House bill 4437 provides for the return of the Employment Service to State operation. I might say also at the outset that it is throughout a compromise bill. It probably does not represent exactly what either majority or minority Members would have written. It does represent what was worked out as the best solution of the situation which we could agree upon and which I think practically all the members of the committee thought it desirable to pass. I personally, like some of the other members of the committee, favor the establishment of a permanent single system of public employment offices, rather than 48 separate State systems.

We believe that a national public employment service is necessary to meet the employment problems which will confront the Nation in the foreseeable future. We who advocate permanent federalization are firmly convinced—and we believe our convictions are borne out by the record—that a nationally directed system of public employment offices, not jurisdictionally limited by geographical and political boundaries, can more adequately and more effectively carry out a program designed to effectuate maximum employment and eliminate wasteful turn-over of workers in industry. However, there seems to be in the committee—and I think perhaps in Congress—a belief that these services should be returned to the States, and I shall support this bill on that theory.

In full recognition of the President's agreement that the employment service will be returned to State operation as soon as the unified service is no longer needed to meet the demobilization, reconversion, and other problems growing out of the war, and in view of the position recently taken by the Congress with respect to this subject, the committee undertook to formulate an agreed-upon bill which would return the United States Employment Service to the States under conditions which will best safeguard the public interests. To that end we have held hearings which extended intermittently over a period of 4½ months. I believe that it should be clearly pointed out that this bill is the first measure considered by the Congress on this subject,

C. W. Brown, chief engineer of the Missouri State Highway Department, together with a resolution passed by the Mississippi Valley Conference of State Highway Officials at their annual meeting in Chicago on March 16, 1946.

SPECIAL ORDER GRANTED

Mr. MILLS. Mr. Speaker, I ask unanimous consent that after the disposition of business on the Speaker's table and the conclusion of special orders heretofore entered, I may address the House for 30 minutes tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

REFERENCE OF BILLS

Mr. PETERSON of Florida. Mr. Speaker, I ask unanimous consent that the Committee on Public Lands be discharged from further consideration of the bill (S. 1564) authorizing the issuance of a patent in fee to Shadrick Ponca, the bill (S. 1566) authorizing the issuance of a patent in fee to Wilma Brandon Irving, and S. 1695, authorizing the issuance of a patent in fee to Louis Runs Above, and that the same be referred to the Committee on Indian Affairs.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

TOLLS ON SAN FRANCISCO-OAKLAND BAY BRIDGE

Mr. CHAPMAN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill H. R. 3565, an act to authorize the charging of tolls for the passage or transit of Government traffic over the San Francisco-Oakland Bay Bridge, with Senate amendments, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments as follows:

Page 1, line 10, after "military", insert "Coast Guard."

Page 2, line 6, after "military", insert "Coast Guard."

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, will the gentleman explain the amendments?

Mr. CHAPMAN. Mr. Speaker, there is a provision affecting certain military and naval and some other Government personnel. It relates to the Oakland-San Francisco Bay Bridge. This adds the Coast Guard along with the military and naval personnel. It places them on a parity with the military and naval personnel.

Mr. MARTIN of Massachusetts. I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky [Mr. CHAPMAN]?

There was no objection.

The Senate amendments were agreed to.

A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. KNUTSON asked and was given permission to extend his remarks in the RECORD in two instances, in one to include a statement, and in the other a letter.

Mr. AUGUST H. ANDRESEN asked and was given permission to extend his remarks in the RECORD in two instances, in one to include a newspaper article and in the other some remarks made by the gentleman on the flour situation.

Mr. WILSON asked and was given permission to extend his remarks in the RECORD and include copies of a radio broadcast made over two radio stations.

Mr. CHURCH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include editorial comment in tribute to a great philanthropist, Mr. Henry C. Lytton, of Chicago, who on July 13 will be 100 years old.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

[The matter referred to appears in the Appendix.]

PERMISSION TO ADDRESS THE HOUSE

Mr. GROSS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks and include therein an address by General Devers.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

[Mr. GROSS addressed the House. His remarks appear in the Appendix of today's RECORD.]

Mr. LANDIS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to extend my remarks in the Appendix of the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

[Mr. LANDIS addressed the House. His remarks appear in the Appendix of today's RECORD.]

Mr. H. CARL ANDERSEN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

EXPORT OF AUTOMOBILES

Mr. H. CARL ANDERSEN. Mr. Speaker, the other week when I was home I visited with a friend of mine who has served with the marines for 2 years in the Pacific. This boy is now farming. He could not even secure a second-hand automobile, nor could his wife secure an ordinary ice box. When I see this picture of United States automobiles going to South America, which shows eight brand-new cars being loaded at one time to go down to Peru and also when I see the notation, "Freighter *Santa Olivia* makes ready to sail from New York to South America with a cargo of automobiles, trucks, tires, and refrigerators," I

wonder if it is not about time to pay some attention to this marine and his wife sitting on that farm back there—an American citizen who has fought for his country—rather than to be too kindly disposed toward foreigners.

The SPEAKER. The time of the gentleman from Minnesota has expired.

EXTENSION OF REMARKS

Mr. GRIFFITHS asked and was given permission to extend his remarks in the Appendix of the RECORD and include therein a letter from the mayor of Zanesville, Ohio, to Wilson Wyatt, Housing Administrator.

Mr. McMILLEN of Illinois asked and was given permission to extend his remarks in the RECORD and include an editorial from the Mattoon (Ill.) Daily Journal Gazette of June 7, 1946.

Mr. SCHWABE of Missouri asked and was given permission to extend his remarks in the RECORD and include two letters from constituents.

Mr. MASON asked and was given permission to extend his remarks in the RECORD on the significance of the Nebraska election and to include therein an editorial from the Omaha World-Herald.

Mr. SHORT asked and was given permission to extend his remarks in the RECORD and include a statement recently issued by a former colleague.

Mr. HOLMES of Massachusetts asked and was given permission to extend his remarks in the Appendix of the RECORD and include the weekly bulletin of the Leather and Shoe News, captioned "Where do we go from here?"

Mr. WIGGLESWORTH asked and was given permission to extend his remarks in the RECORD and include letters he addressed to the President of the United States and the Attorney General and the replies thereto.

PERMISSION TO ADDRESS THE HOUSE

Mr. WIGGLESWORTH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

[Mr. WIGGLESWORTH addressed the House. His remarks appear in the Appendix of today's RECORD.]

Mr. ELLIS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

[Mr. ELLIS addressed the House. His remarks appear in the Appendix of today's RECORD.]

Mr. SCHWABE of Missouri. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

THE BRITISH LOAN

Mr. SCHWABE of Missouri. Mr. Speaker, a week ago yesterday in the Sunday edition of the New York Times appeared an advertisement by a British manufacturer of a popular-make automobile. Various body styles were offered for immediate delivery f. o. b. New York. Four-door sedans were priced at \$1,581.42. Another was designed to sell for \$1,350, and so on.

Now we are glad to see our friendly competitor across the Atlantic prosper, and we are even glad to purchase some of their products, including automobiles, but it does surprise us to learn that while we are unable to get our own factories producing cars for domestic consumption, England is able to make them and ship them for sale abroad. All this they are doing without the benefit of a \$4,000,000,000 loan.

What surprises are in store for us should this loan be consummated?

Authoritative word also comes that Czechoslovakia, another country whose application for a loan is pending, is now prepared to export cars to this country. By means of so-called loans which really amount to gifts, we are financing our competitors to put us out of business in the post-war era.

PERMISSION TO ADDRESS THE HOUSE

Mr. MUNDT. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

A MEMO FOR PEOPLE WITH SHORT MEMORIES

Mr. MUNDT. Mr. Speaker, if I were to give a title to these remarks, I would call them a memo for people with short memories. I refer especially to people in Congress and in the White House who at the time of the railroad and coal strikes spoke courageously, acted dramatically, and voted patriotically, but who now appear to have entered into a pact by common consent to say nothing, do nothing, remember nothing, and anticipate nothing, insofar as strike legislation is concerned.

Mr. Speaker, regardless of whether it is a case of short memories or political expediency which has brought about this stalemate in labor legislation, I think the time is now abundantly here when this House should take action on the Truman emergency labor legislation, which the President personally requested at a joint session of Congress, which the House promptly passed, which the Senate subsequently amended and passed, and which the newspaper people now tell us is to be permitted to die on the Speaker's desk without even the courtesy or distinction of being officially killed or publicly buried.

I urge all Members of Congress who recognize with me that we are just precisely where we were before the railroad and coal strikes took place to join in an effort now to get action on the Truman labor proposal. Should the House fail to act on this legislation which is now apparently being shelved by high authority

and should the Maritime Union then call its strike on September 30, the bitter words of "too little and too late" will have an ugly new significance for all of us.

Please keep this in mind: The President came to Congress on May 25 to ask for emergency strike legislation. The House acted favorably on May 25. The Senate acted favorably, with amendments on May 31. The Senate asked for a conference on June 3. Up to this minute the House has failed to join in a conference, no conferees have been appointed, and the legislation is still on the Speaker's desk. Mr. Speaker, it is time for somebody to take action. We must not permit this important matter to die from the disease of political expediency.

PERMISSION TO ADDRESS THE HOUSE

Mr. PHILLIPS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

THE PROPHET OF SCARCITY

Mr. PHILLIPS. Mr. Speaker, Saturday afternoon I had occasion to go into Brentano's book store, and I saw there, and bought a copy of a comparatively new book by Mr. Chester Bowles, called Tomorrow Without Fear.

I am glad to give the book this much advertising, and to say that it is published by Simon and Shuster, and that the price is \$1. I have no doubt that this is the ceiling price.

I rise to call to your attention, Mr. Speaker, the appropriateness of the title. No man in the United States has caused so many citizens to go without the things they might have had, than has Mr. Bowles, with his bright young men in the OPA. As Mr. Churchill would have put it, "Never have so many been confused by so few."

Instead of putting the power of the Government back of production, in the face of evidences of what this country can do, when given a chance, and as we saw it in the war, Mr. Bowles and the OPA have constantly emphasized scarcity, handicapped production, and caused the people to go without.

I can only add that if this estimable gentleman is actually going to resign, as the papers announce, so that production may be released, and inflation may be fought, instead of continuing his hysterical outbursts over the radio and in the papers, and trying to run for office, any office, then I think there may be some hope of the people looking forward to a tomorrow with less fear than now, if not entirely without fear.

EXTENSION OF REMARKS

Mrs. LUCE asked and was given permission to extend her remarks in the RECORD and include several newspaper editorials on atomic legislation and also a resolution passed by the American-Hungarian Congress last week.

Mrs. BOLTON asked and was given permission to extend her remarks in the RECORD in three instances and to include newspaper articles.

Mr. SMITH of Wisconsin asked and was given permission to extend his remarks in the RECORD in two instances, to include in one an editorial, and in the other to include letters from constituents.

Mr. FARRINGTON asked and was given permission to extend his remarks in the RECORD in two instances, and to include a prize-winning editorial on the Four Hundred and Forty-second Infantry and a resolution adopted by the Daughters of the American Revolution favoring immediate statehood for Hawaii.

Mr. ARNOLD asked and was given permission to extend his remarks in the RECORD and include an article on health.

Mr. MCKENZIE asked and was given permission to extend his remarks in the RECORD on the subject Sound Economics Like Charity Should Begin at Home.

SPECIAL ORDER GRANTED

Mrs. BOLTON. Mr. Speaker, I ask unanimous consent that on Wednesday next after disposition of matters on the Speaker's desk and at the conclusion of any special orders heretofore entered I may be permitted to address the House for 45 minutes.

The SPEAKER. Is there objection to the request of the gentlewoman from Ohio?

There was no objection.

Mr. REES of Kansas. Mr. Speaker, I ask unanimous consent that after disposition of matters on the Speaker's desk and at the conclusion of any special orders heretofore entered today I may be permitted to address the House for 10 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

AMENDMENT TO SECOND WAR POWERS ACT, 1942

Mr. HOBBS. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill H. R. 5716, to amend the Second War Powers Act, 1942, as amended, with Senate amendment thereto, disagree to the Senate amendment, and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Alabama? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. SUMNERS of Texas, HOBBS, and HANCOCK.

PERMISSION TO ADDRESS THE HOUSE

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

UNITY OF NATIONS

Mr. VOORHIS of California. Mr. Speaker, when a nation proposes to the world that it is ready to lay in the scales for peace its supremacy in a great field of military weapons if only all the nations of the world will agree to inter-

June
27.

DIGEST OF
CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Legislative Reports and Service Section
(For Department staff only)

Issued June 28, 1946
For actions of June 27, 1946
79th-2nd, No. 125

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HIGHLIGHTS: House debated third deficiency appropriation bill. House passed bill to continue Land Bank Commissioner loans, with amendment providing for FCA study of how similar loans could be made through land-bank system. Senate continued debate on conference report on price-control bill. Senate committee reported Government corporations appropriation bill. Rep. LeFevre blamed OPA and strikes for farm-machinery shortage. Rep. Jensen criticized export subsidies on soil-depleting crops and lack of export subsidies on beef and pork.

HOUSE

- THIRD DEFICIENCY APPROPRIATION BILL.** Began debate on this bill, H.R. 6885 (pp. 7743-67). Agreed to resolution waiving points of order (p. 7743). Most of the debate was on the UNRRA item.
As reported (see Digest 124) this bill also included an item of \$57,000 for packing, transporting, etc., of household goods and personal effects of employees transferred from D.C. in order to be restored to duty in decentralized agencies after service in the armed forces.
- LAND BANK COMMISSIONER LOANS.** Passed with amendment H.R. 6477, to authorize continuation of Land Bank Commissioner loans until July 1, 1951; to limit such loans to refinancing for the period July 1, 1946, to July 1, 1951, except as may be otherwise specified by Congressional resolution; and to authorize repayment to the Treasury of capital in excess of that necessary to carry on the functions of the Federal Farm Mortgage Corporation (pp. 7767-74). During the debate Rep. Flannagan, Va., explained the provisions of the bill, commended FCA, and listed those for and against the bill (pp. 7768-73).
Agreed to Rep. Flannagan's amendment to provide for an FCA study of how similar loans could be made through the land-bank system (p. 7773).
- NAVAL APPROPRIATION BILL, 1947.** Received the conference report on this bill, H.R. 6496 (pp. 7733-5).
- D.C. APPROPRIATION BILL, 1947.** Agreed to conference report on this bill, H.R. 5990, and acted on amendments in disagreement (pp. 7735-43).

5. HOUSING. Passed without amendment S. 2341, to amend the National Housing Act as to extend the authority of the Federal Housing Administrator to insure mortgages on existing houses, which otherwise would expire June 30, 1946 (p. 7767). This bill was reported earlier in the day (p. 7778).
6. FOREIGN RELATIONS. Received from this Department proposed legislation to provide for the inclusion of the Secretary of Agriculture as a member of the Export-Import Advisory Board and of the National Advisory Council of the International Bank for Reconstruction and Development. To Banking and Currency Committee. (p. 7778.)
7. PENALTY MAIL. Received from the Postmaster General a tabulated report by departments and agencies on penalty mail for the period July 1, 1945, to March 31, 1946. To Post Office and Post Roads Committee. (p. 7778).
8. BANK HOLIDAYS. The D.C. Committee reported without amendment H.R. 6744, to provide that every Saturday shall be a holiday for banks and building and loan associations (H.Rept. 2386) (p. 7778).
9. WAR POWERS. Received the conference report on H.R. 5716, to continue parts of the Second War Powers Act, including priorities powers (p. 7767).
The Judiciary Committee reported without amendment H.R. 6890, to amend the First War Powers Act regarding claims for property transferred to the Alien Property Custodian (H.Rept. 2398) (p. 7778).

SENATE

10. PRICE CONTROL. Continued debate on the conference report on H.R. 6042, to amend and extend the Price Control and Stabilization Acts (pp. 7783-862). There was discussion of prices on agricultural products throughout the debate. In urging removal of price controls on livestock and meat, Sens. Moore (Okla.) and Wilson (Iowa) quoted Secretary Anderson's testimony before congressional committees (pp. 7789-93, 7803-4).
11. GOVERNMENT CORPORATIONS APPROPRIATION BILL, 1947. The Appropriations Committee reported with amendments this bill, H.R. 6777 (S.Rept. 1617) (p. 7780). Sen. McKellar, Tenn., gave notice of a motion to suspend the rule and propose an amendment to this bill to provide that: "In order to meet emergencies or contingencies arising subsequent to approval of the Budget and not provided for in the Budget program, a corporation or agency covered by the provisions of this act may, with the approval of the President, adjust its budget program to provide, within the limits of available funds and borrowing authority, for the immediate initiation of programs authorized by law and not specifically set forth in the Budget." (p. 7782.)
12. MILITARY ESTABLISHMENT APPROPRIATION BILL, 1947. The Appropriations Committee reported with amendments this bill, H.R. 6837 (S. Rept. 1590) (p. 7780).
13. COAST GUARD APPROPRIATION BILL, 1947. The Appropriations Committee reported with amendments this bill, H.R. 6428 (S.Rept. 1616) (p. 7780).
14. LEGISLATIVE APPROPRIATION BILL, 1947. Both houses agreed to the conference report on this bill, H.R. 6429 (pp. 7732, 7745, 7802). This bill will now be sent to the President.
15. TRADE MARKS. Agreed to reconsideration of the vote for agreement to the conference report on H.R. 1654, to provide for the registration and protection of

Mr. CANNON of Missouri. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. COOLEY, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill H. R. 6885 had come to no resolution thereon.

EXTENSION OF REMARKS

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent that all Members who have spoken on the bill today may extend their own remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. CANNON of Missouri asked and was given permission to extend his remarks and include certain amendments.

CORRECTION OF THE ROLL CALL

Mr. CANNON of Missouri. Mr. Speaker, on roll call 150, I am recorded as having voted "no." I voted "aye," and I ask unanimous consent that the RECORD and Journal be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

INVESTIGATION OF CERTAIN INDIVIDUALS CHARGED WITH ESPIONAGE

Mr. ELLIOTT. Mr. Speaker, from the Committee on Accounts I submit the following privileged resolution (H. Res. 682) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That the expenses of conducting the investigation authorized by House Resolution 430, to authorize the Committee on the Judiciary to conduct an investigation of the disposition of the case against certain individuals charged by the Federal Bureau of Investigation with espionage and possession of confidential Government documents, including such printing and binding and the employment of such clerical, stenographic, and other assistance as the committee may deem necessary, and all other expenditures, shall be paid out of the contingent fund of the House on vouchers authorized by the committee signed by the chairman thereof and approved by the Committee on Accounts, but shall not exceed \$2,500.

The resolution was agreed to.

A motion to reconsider was laid on the table.

ELECTION TO STANDING COMMITTEE OF THE HOUSE

Mr. DOUGHTON of North Carolina. Mr. Speaker, I offer a resolution (H. Res. 683), which I send to the desk.

The Clerk read the resolution, as follows:

Resolved, That FRANK BUCHANAN, of the State of Pennsylvania be, and he is hereby, elected a member of the following standing committees of the House of Representatives: On Census, Flood Control, and Elections No. 3.

The resolution was agreed to.

AMENDING THE NATIONAL HOUSING ACT

Mr. SPENCE. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill S. 2341, an act to amend the National Housing Act, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, will the gentleman explain this bill?

Mr. SPENCE. This bill merely extends the authority of the Federal Housing Administrator to insure mortgages on existing houses, which otherwise would expire on the 30th of this month. It gives him no additional authority. They are acting within the authorization previously granted them by the Congress.

Mr. MARTIN of Massachusetts. It is a unanimous report of the committee?

Mr. SPENCE. There was no objection in the committee to the report, and I understand there is no objection by anybody to the bill.

Mr. GAMBLE. Mr. Speaker, will the gentleman yield?

Mr. SPENCE. I yield.

Mr. GAMBLE. This is section 2 of the Federal Housing Act?

Mr. SPENCE. Section 2 of the Federal Housing Act.

Mr. MARTIN of Massachusetts. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 203 (a) of the National Housing Act, as amended, is hereby amended by striking out the second and third provisos and by striking out the colon at the end of the first proviso and inserting in lieu thereof a period.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDING THE FIRST WAR POWERS ACT

Mr. HOBBS. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary may have until midnight tonight to file a report on the bill (H. R. 6890) to amend the First War Powers Act of 1941.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

Mr. MARTIN of Massachusetts. Reserving the right to object, Mr. Speaker, will there likely be minority views filed?

Mr. HOBBS. Not that I know of.

Mr. MARTIN of Massachusetts. Would the gentleman make the same request, in the event there are minority views to be filed?

Mr. HOBBS. Certainly. I include that in the request, Mr. Speaker.

The SPEAKER. Is there objection to the request of the gentleman from Alabama [Mr. HOBBS]?

There was no objection.

AMENDING THE SECOND WAR POWERS ACT OF 1942, AS AMENDED

Mr. HOBBS, from the Committee on the Judiciary, submitted the following conference report and statement on the bill H. R. 5716, an act to amend the Second War Powers Act of 1942, as amended, for printing in the RECORD:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5716) to amend the Second War Powers Act, 1942, as amended, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"Sec. 2. Title XV of such Act, as amended, is amended by inserting at the end thereof a new section as follows:

"Sec. 1503. Nothing contained in this Act or any other Federal Act (except the Emergency Price Control Act of 1942, as amended, the Stabilization Act of 1942, as amended, or the District of Columbia Emergency Rent Act, approved December 2, 1941, as amended), shall be construed to authorize the establishment by any officer or agency of the Government of maximum prices for any commodity or maximum rents for any housing accommodations."

And the House agree to the same.

HATTON W. SUMNERS,
SAM HOBBS,
C. E. HANCOCK,

Managers on the Part of the House.

JOSEPH C. O'MAHONEY,
JAMES W. HUFFMAN,
HOMER FERGUSON,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 5716) to amend the Second War Powers Act, 1942, as amended, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report.

The Senate passed the bill after amending it to provide that nothing contained therein or any other act (except the Emergency Price Control Act of 1942, as amended, or the Stabilization Act of 1942, as amended), shall be construed to authorize the establishment by any officer or agency of the Government of maximum prices for any commodity or maximum rents for any housing accommodations. The House disagreed to the Senate amendment and requested the conference, to which the Senate agreed.

The House receded from its disagreement to the amendment of the Senate after it was modified to make clear the reference was to any Federal act, and to exempt also the District of Columbia Emergency Rent Act, approved December 2, 1941, as amended.

HATTON W. SUMNERS,
SAM HOBBS,
C. E. HANCOCK,

Managers on the Part of the House.

EMERGENCY FARM MORTGAGE ACT OF 1933

Mr. FLANNAGAN. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 6477) to amend section 32 of the Farm Mortgage Act of 1933, as amended, and

section 3 of the Federal Farm Mortgage Corporation Act, as amended, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

Mr. HOPE. Mr. Speaker, reserving the right to object, will the gentleman make some explanation of the bill, particularly the necessity for action at this time?

Mr. FLANNAGAN. I intend to offer an amendment to strike all after the enacting clause and extend what is known as commissioner loans for 1 year. The commissioner loans will expire on the 30th of this month if not renewed and I think now that all of the members of the Committee on Agriculture are of the opinion that this extension should be made in order to give the committee time to work out, if possible, a way of servicing these farmers, who are now being serviced by commissioner loans, by similar loans made through the Federal Land Bank System.

Mr. HOPE. May I ask the gentleman, is it not the understanding of the committee that if this extension is made consideration will be given before the matter comes up again to work out some program which will make it unnecessary to have further extensions of this act?

Mr. FLANNAGAN. I have a section 3 to the amendment I shall offer which directs the administration to make a thorough study of the situation and make recommendations to the committee not later than March 1 next year, so we will have time enough to work out legislation before the end of the year.

Mr. Speaker, the amendment I have offered would simply extend what is commonly known as the commissioner loans for a period of 1 year, this in order to give further time to the question as to how the farmers who at present are served by reason of the commissioner loans may be served in a similar manner under the Federal farm bank system.

H. R. 6477, as originally introduced, would have extended the commissioner loans for a period of 2 years. The House Committee on Agriculture adopted an amendment to the bill striking out the provision in the bill extending the commissioner loans for 2 years, and in lieu thereof prohibiting the making of such loans unless, and until, the Congress by joint resolution specifically authorized the making of such loans.

Permit me to first draw the issue: H. R. 6477, as introduced, extends the lending authority of the Federal Farm Mortgage Corporation, which expires on June 30, 1946, for a period of 2 years. This means that the authority to make commissioner loans would be extended for a period of 2 years. The amendment to the bill, adopted by the committee by a vote of 11 to 8, and herein complained of, while extending the lending power of the Corporation for a period of 5 years, prohibits the exercise of this lending power unless, and until the Congress, by concurrent resolution expressly authorizes the Federal Farm Mortgage Corporation to make loans. In other words, the amendment while extending the lending power to make commissioner loans for a period of 5 years would, as of

June 30, 1946, prohibit the making of all commissioner loans, and this prohibition could only be lifted by concurrent resolution passed by the Congress. To say the least, such action smacks of the philosophy enunciated by the mother in graciously giving her consent to her daughter's request to go swimming:

"Mother, may I go out to swim?"

"O, yes, my darling daughter,
But hang your clothes on a hickory limb
And do not go nigh the water."

In the second place permit me to line up the forces for and against H. R. 6477:

First. The Secretary of Agriculture.

Second. The Governor of the Farm Credit Administration.

Third. The Land Bank Commissioner.

Fourth. Eleven of the twelve Federal land banks.

Fifth. The National Grange.

Sixth. The American Farm Bureau.

Seventh. The National Council of Farmer Cooperatives.

Eighth. The National Cooperative Milk Producers Federation.

Ninth. The National Farmers Union.

Tenth. The Bureau of the Budget—approved.

Against H. R. 6477 as introduced; that is, for H. R. 6477 as amended so as to cut off the authority to make commissioner loans as of June 30, 1946:

First. The American Bankers Association.

Second. The Federal Land Bank of Houston.

BACKGROUND

In order to understand the issue it is necessary to give a brief history of both the Federal land-bank system and the Federal Farm Mortgage Corporation.

(a) Federal land-bank system: The Federal Land Bank Act of 1916, creating the Federal land-bank system, designed "to provide capital for agricultural development" and to "equalize rates of interest upon farm lands," has more than justified its existence. Had it no other

accomplishment to its credit than the reduction of farm interest rates from a national average of 6½ percent in 1916 to 4 percent in 1946, it would be considered a Godsend to the farmers of America. Add to this accomplishment the bailing out of the banks, insurance companies, and other farm mortgage lending institutions, during the depression, when loans in 1 year jumped from \$222,446,223—1933—to \$1,283,503,456—1934—over \$1,000,000,000—thus saving not only thousands of farmers, but thousands of financial institutions holding farm mortgage paper by swapping cool cash for their agricultural paper, and you begin to realize what an important part the system has played in our financial picture.

While the Federal Government supplied the original capital that went into the land bank system, the system was designated from the first to become farmer-owned and farmer-controlled, this objective to be accomplished by the farmers subscribing for stock in an amount equal to 5 percent of the loan granted, and in a very short time will have accomplished this worth-while goal. There are 12 land banks in the system, and at present 11 of these banks have paid back every cent of Government capital and are really and truly farmer owned and farmer-controlled, and the remaining bank, the St. Paul bank, in a few years will have retired all of its Government capital, at which time the whole system will become farmer-owned and farmer-controlled. This has been accomplished by the farmers, when obtaining loans, purchasing stock in the amount of 5 percent of the loans so obtained.

I also call attention to the fact that in recent years due to greater efficiency in administration and improvement in farm prices the Federal land bank system has been able to greatly reduce its loans, both in numbers and amount, and also its personnel. From 1938 to 1945 the record shows:

	1938	1945	Percent reduction
Number of loans.....	1,086,272	644,518	59.3
Amount of loans.....	\$2,803,764,000	\$1,370,123,000	48.9
Number of Federal land bank central office employees.....	205	97	40.1
Federal land bank district employees.....	5,024	2,014	47.3

(b) Federal Farm Mortgage Corporation: The Federal Farm Mortgage Corporation was set up in 1933 in order to go to the relief not only of the farmers but to the relief of the banks, insurance companies, and other financial institutions holding farm-mortgage paper. Under the act of May 12, 1933, creating the Federal Farm Mortgage Corporation, the sum of \$200,000,000—all of which except \$50,000,000 has been returned by the Corporation to the Government—was made available to the land-bank commissioners for the purpose of making loans to farmers on the security of a first or second lien on real estate or personal property in an amount not to exceed 75 percent of the appraised normal value of the security. These loans, commonly known as commissioner loans, were handled by the Federal land banks.

The Federal Farm Mortgage Corporation makes two types of loans, known as the first- and second-mortgage commissioner loans. The type known as the first-mortgage commissioner loan is made principally in those areas where the risk is high and consequently no local farm-loan association, confined as it is to a small local area, can safely assume the risk. However, when the risk is spread over the entire United States, as these commissioner loans are, the losses are greatly minimized. This loan is based upon the same principal insurance companies operate under. These high-risk areas are usually found in irrigation, drainage, and level districts; areas subject to excessive field erosion or erosive action of streams; and where the character of farming is undergoing a change.

AMENDING THE SECOND WAR POWERS ACT, 1942, AS
AMENDED

JUNE 27, 1946.—Ordered to be printed

Mr. SUMNERS of Texas, from the committee of conference, submitted
the following

CONFERENCE REPORT

[To accompany H. R. 5716]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 5716) to amend the Second War Powers Act, 1942, as amended, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SEC. 2. Title XV of such Act, as amended, is amended by inserting at the end thereof a new section as follows:

"SEC. 1503. Nothing contained in this Act or any other Federal Act (except the Emergency Price Control Act of 1942, as amended, the Stabilization Act of 1942, as amended, or the District of Columbia Emergency Rent Act, approved December 2, 1941, as amended), shall be construed to authorize the establishment by any officer or agency of the Government of maximum prices for any commodity or maximum rents for any housing accommodations."

And the House agree to the same.

HATTON W. SUMNERS,
SAM HOBBS,
C. E. HANCOCK,
Managers on the Part of the House.
JOSEPH C. O'MAHONEY,
JAMES W. HUFFMAN,
HOMER FERGUSON,
Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 5716) to amend the Second War Powers Act, 1942, as amended, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report.

The Senate passed the bill after amending it to provide that nothing contained therein or any other act (except the Emergency Price Control Act of 1942, as amended, or the Stabilization Act of 1942, as amended), shall be construed to authorize the establishment by any officer or agency of the Government of maximum prices for any commodity or maximum rents for any housing accommodations. The House disagreed to the Senate amendment and requested the conference, to which the Senate agreed.

The House receded from its disagreement to the amendment of the Senate after it was modified to make clear the reference was to any Federal act, and to exempt also the District of Columbia Emergency Rent Act, approved December 2, 1941, as amended.

HATTON W. SUMNERS,
SAM HOBBS,
C. E. HANCOCK,
Managers on the part of the House.

DIGEST OF
CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Legislative Reports and Service Section
(For Department staff only)

Issued July 1, 1946
For actions of June 28 & 29, 1946
79th-2nd, Nos. 126 and 127

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HIGHLIGHTS: House received and sustained President's veto message on price-control bill; Rules Committee cleared measure to continue OPA until July 20. Senate passed Government corporations appropriation bill. Senate passed Cooley farm-credit bill. House passed third deficiency appropriation bill. House rejected President's reorganization plans. Both houses agreed to conference report on bill to continue priorities powers; President approved it. Senate passed Labor-Federal Security appropriation bill with item for food-conservation program. House Agriculture Committee reported bill to authorize continuation of farm-labor program. President approved selective-service continuation bill. Senate passed bill to continue Land Bank Commissioner loans. Senate passed bill to authorize FFMC to purchase GI loans.

SENATE - June 28

1. GOVERNMENT CORPORATIONS APPROPRIATION BILL. Began debate on this bill, H. R. 6777 (pp. 7995-9).

Debated an amendment by Sen. McKellar, presented at the direction of the Committee, to provide that, to meet emergencies or contingencies arising after approval of the budget, a corporation or agency covered by the bill may, with Presidential approval, adjust its budget program to provide, within the limits of available funds and borrowing authority, for immediate initiation of programs authorized by law and not specifically set forth in the budget (pp. 7996-9). Sen. Russell and others spoke in favor of the amendment, and Sen. Taft and others spoke against it; the amendment was then ruled out of order.

As reported by the Senate committee, the bill contains the following amounts for corporations under the supervision of the Department of Agriculture:

Federal Crop Insurance Corporation, direct appropriation, \$7,880,000 (House figure, \$6,800,000; Budget estimate, \$7,880,000).

Commodity Credit Corporation, \$8,760,000 (House figure, \$8,000,000; Budget estimate, \$8,760,000).

Federal Farm Mortgage Corporation, \$3,875,000 (House figure, \$3,750,000; Budget estimate, \$4,000,000).

Federal Intermediate Credit Banks, \$1,688,501 (House figure, \$1,500,000; Budget estimate, \$1,688,501).

Production Credit Corporations, \$1,644,912 (House figure, \$1,600,000; Budget estimate, \$1,736,993).

Regional Agricultural Credit Corporation of Washington, D. C., \$391,000 (House figure, \$341,000; Budget estimate, \$441,000).

The \$40,000 provided in the Budget estimate and House bill for final liquidation expenses of the Federal Surplus Commodities Corporation was eliminated. The committee eliminated the third, fourth, fifth, and sixth provisos which had been inserted in the language for CCC by the House, as similar restrictions are contained in the act of April 12, 1945, Public Law 30, 79th Congress (which provided for continuation of CCC as an agency of the U. S. until June 30, 1947), and inserted the following new proviso: "Provided further, That no part of any funds appropriated in this act for the Commodity Credit Corporation shall be used, during the fiscal year ending June 30, 1947, to make any payments to other than domestic producers, under any subsidy program operation not in effect on the date of enactment of this act."

2. PRICE CONTROL. Agreed, 47-23, to the conference report on H. R. 6042, to amend and extend the Price Control and Stabilization Acts (pp. 7903-88). This bill was then sent to the President.
3. WAR POWERS. Both Houses agreed to the conference report on H. R. 5716, to continue certain provisions of the Second War Powers Act, including priorities powers (7989-8046). This bill was then sent to the President.
4. COOLEY FARM-CREDIT BILL. Sen. Russell asked for consideration of this bill, H. R. 5991, but Sen. Wherry objected, stating that farm organizations tell him they did not have an opportunity to testify at the hearings (pp. 8000-1).
5. WAR DEPARTMENT MILITARY APPROPRIATION BILL. Passed with amendments this bill, H. R. 6837 (pp. 7989, 7992-5). Senate conferees were appointed (p. 7995).
6. D. C. APPROPRIATION BILL. Agreed to the conference report on this bill, H. R. 5990, and appointed conferees for a further conference (pp. 7991-2).
7. LABOR-FEDERAL SECURITY APPROPRIATION BILL. The Appropriations Committee reported with amendments this bill, H. R. 6739 (S. Rept. 1619)(p. 7902). The committee increased the appropriation items for the Food and Drug Administration by \$614,117.
8. FLOOD CONTROL. The Commerce Committee reported with amendments H. R. 6597, the omnibus flood-control bill (S. Rept. 1624)(p. 7902).
9. RESEARCH. The Naval Affairs Committee reported with amendments H. R. 5911, to establish an Office of Naval Research in the Navy Department (S. Rept. 1628) (p. 7902).
10. TRADE-MARKS. Agreed to the conference report on H. R. 1654; to provide for registration of trade-marks used in commerce (pp. 7989-91). This bill will now be sent to the President.
11. BANKRUPTCY. The Judiciary Committee reported without amendment H. R. 6682, to amend sections 81-3, and repeal section 84, of the Bankruptcy Act (S. Rept. 1633)(p. 7902).
12. CLAIMS APPROPRIATIONS. Received from the President supplemental appropriations as follows: Claims for damages to private property (S. Doc. 227), claims allowed by GAO (S. Docs. 223, 225, and 224), judgments rendered by Court of

will take to dispose of it, I do not know. It is not my purpose to ask the Senate to sit on July 4 unless it becomes absolutely necessary, and I cannot believe that it will. What will happen between July 4, which is on Thursday of next week, and the following Monday, I cannot say, but it will be necessary to hold a session of the Senate on Friday because we cannot recess from Wednesday over to Monday. Moreover, there may be matters which will demand the Senate's attention. However, at the present time it is not my purpose to ask the Senate to hold a session next Thursday, July 4.

Mr. OVERTON. Mr. President, will the Senator from Oklahoma yield so that I may ask a question of the Senator from Kentucky?

Mr. THOMAS of Oklahoma. I yield.

Mr. OVERTON. As the Senator from Kentucky will recall, I sought his advice with reference to when the rivers and harbors and flood-control bills will be taken up. I am in daily receipt of many inquiries, not only from persons throughout the United States who are interested, but from Members of the Senate who wish to know when the bills will be taken up. They will, I presume, go to conference after the Senate passes them. I should like to ask the majority leader to indicate the time when he believes the bills can be taken up.

Mr. BARKLEY. Mr. President, it is impossible to indicate a day on which the bills will be taken up, because none of us can tell how long it will require to dispose of the unfinished business. A prediction has been made that the bill may be disposed of in 2 days, or possibly in only 1 day. We never know in the Senate how long it will take to dispose of a bill which is at all controversial. But as soon as it is possible for me to do so I shall be glad to cooperate with the Senator from Louisiana in bringing before the Senate the rivers and harbors and flood control bills. If it is possible to do that before July 4, I shall be glad to do so, or as soon thereafter as the bills can be reached.

MILITARY ESTABLISHMENT APPROPRIATION BILL, 1947

Mr. THOMAS of Oklahoma. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1620, House bill 6837, the Military Establishment appropriation bill for 1947.

The PRESIDENT pro tempore. The bill will be stated by title for the information of the Senate.

The CHIEF CLERK. A bill (H. R. 6837) making appropriations for the Military Establishment for the fiscal year ending June 30, 1947, and for other purposes.

Mr. BARKLEY. Mr. President, of course, if the appropriation bill for the Military Establishment is taken up, it will not displace the unfinished business before the Senate.

Mr. THOMAS of Oklahoma. It is not my intention to displace the unfinished business. The Senator from Kentucky has already referred to the bill which is the unfinished business, and there is no intention on my part to displace it.

The PRESIDENT pro tempore. The question is on the motion of the Senator from Oklahoma that the Senate proceed

to the consideration of House bill 6837, the Military Establishment appropriation bill for 1947.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 6837) making appropriations for the Military Establishment for the fiscal year ending June 30, 1947, and for other purposes, which had been reported from the Committee on Appropriations with amendments.

Mr. THOMAS of Oklahoma. Mr. President, I ask unanimous consent that the formal reading of the bill be dispensed with, that it be read for amendment, and that the committee amendments be first considered.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

AMENDMENT OF SECOND WAR POWERS ACT, 1942, AS AMENDED—CONFERENCE REPORT

Mr. O'MAHONEY submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 5716) to amend the Second War Powers Act, 1942, as amended, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 2. Title XV of such Act, as amended, is amended by inserting at the end thereof a new section as follows:—

" 'SEC. 1503. Nothing contained in this Act or any other Federal Act (except the Emergency Price Control Act of 1942, as amended, the Stabilization Act of 1942, as amended, or the District of Columbia Emergency Rent Act, approved December 2, 1941, as amended), shall be construed to authorize the establishment by any officer or agency of the Government of maximum prices for any commodity or maximum rents for any housing accommodations.' "

And the House agree to the same.

JOSEPH C. O'MAHONEY,

JAMES W. HUFFMAN,

HOMER FERGUSON,

Managers on the Part of the Senate.

HATTON W. SUMNERS,

SAM HOBBS,

C. E. HANCOCK,

Managers on the Part of the House.

Mr. O'MAHONEY. Mr. President, I ask that the Senate proceed to the consideration of the report.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the Senate proceeded to consider the report.

Mr. WHITE. Mr. President, will the Senator make a statement as to what is involved in the report?

Mr. O'MAHONEY. I shall be very glad to do so. This is the conference report upon the Second War Powers Act.

The extension was voted in the House of Representatives earlier in the year, the bill came to the Senate, was referred to the Committee on the Judiciary and was reported by the Committee on the Judiciary without dissent.

The bill was considered upon the floor of the Senate last Friday, an amendment was offered by the distinguished junior Senator from Oklahoma [Mr. Moore] which was accepted, and the bill went to conference between the two Houses upon that amendment.

The House conferees have agreed to the Senate amendment with a slight modification, which clarifies the effect of the amendment. The purpose of the amendment was to make certain that none of the war powers should be used for the purpose of carrying into effect any of the powers granted by the Price Control Act, the Stabilization Act, and the amendment in conference included the Emergency District of Columbia Rent Act. There is no dispute. The modifications made in conference were designed to make certain that the Senate amendment could not be interpreted to invalidate rent control in the District of Columbia under the Emergency Rent Act or in any State or city under any State law or local ordinance.

Mr. President, I move that the conference report be agreed to.

The motion was agreed to.

REGISTRATION OF TRADE MARKS—CONFERENCE REPORT

Mr. PEPPER. Mr. President, I call up the conference report on House bill 1654, to provide for the registration and protection of trade-marks used in commerce, to carry out the provisions of certain international conventions, and for other purposes.

(See conference report printed in RECORD of June 27, 1946, at p. 7813.)

Mr. PEPPER. Mr. President, I move that the Senate proceed to the consideration of the report.

The motion was agreed to.

Mr. PEPPER. Mr. President, this is the trade-mark bill which has passed the House of Representatives three times and the Senate twice. The report of the conferees is unanimous. I hope the report will be agreed to. Two of the other conferees, the Senator from Wyoming [Mr. O'MAHONEY] and the Senator from New Jersey [Mr. HAWKES], wish to make statements with reference to the agreement.

Mr. O'MAHONEY. Mr. President, the trade-mark bill is of such great importance that I have a feeling that a statement should be made to explain briefly and concisely the effect of the Senate amendments which, with slight modifications, have been accepted by the House conferees. I make this statement because in reading the RECORD of the proceedings in the House with regard to the bill, I felt that there might be some misinterpretation of the language which was employed by one of the Members of the House in attempting to explain the Senate amendment.

The statement of the managers on the part of the House, which was printed at length in the RECORD of the House proceedings in accordance with the rule, makes what I conceive to be a correct description of the effect of the amendment added by the Senate, making the use of a trade-mark to violate the anti-trust laws a defense to a suit by the trade-mark registrant.

It should be remembered, in the first place, that this trade-mark bill is an

attempt to perfect the system under which trade-marks are now registered in the United States.

The Constitution of the United States does not give Congress any original power with respect to trade-marks as it does with respect to patents and copyrights. The Constitution, as every Member of the Senate knows, prescribed that Congress should have the power to grant exclusive rights to the use of inventions for limited periods. The trade-mark is a right which is acquired under the common law, and is a permanent right.

The bill which came from the House upon several occasions undertook to provide that trade-marks under certain circumstances and conditions should be incontestable, but, in the view of Senators, did not contain sufficient safeguards against restraints of trade. The word "incontestable" is perfectly clear and understandable. After the period prescribed in the act a trade-mark should become incontestable.

It appeared, however, from the history of litigation in the United States, that trade-marks from time to time—not at all as a general practice, I want it understood, but only from time to time—have been used in the violation of the antitrust laws. It was also felt that under the language of the bill trade names could be used to prolong a patent monopoly after the expiration of a patent. One of the Senate amendments, agreed to with slight modification by the House, was intended to eliminate this possibility. I think it is effective for that purpose.

The trade-mark has come into existence under the common law for the purpose of protecting both the consumer and the producer. The trade-mark or trade name is designed to give notice to the public that the commodity to which it is attached is produced by a particular producer. Thereby the consumer knows that this particular producer is the one who has produced the material he seeks to buy.

There have been occasions, however, when trade-marks have been misused. There have been occasions when trade-marks have been used in connection with cartel agreements. There have been occasions when trade-marks have been used to restrain the trade and to the disadvantage of little business.

So it was provided by a Senate amendment that one of the defenses or defects which would make a trade-mark contestable even after this period was a showing that the trade-mark had been or was being used to violate the antitrust laws of the United States.

The Senate adopted the amendment. The amendment was changed in conference to make it perfectly clear that what was meant was that the trade-mark itself was being used to violate the antitrust laws.

It should be understood from the language of the law—and I shall read it now so that there can be no possible ground for misinterpretation—that the use of a mark to violate the antitrust laws is a defense to an infringement suit. Section 33 (b) provides:

If the right to use the registered mark has become incontestable under section 15 hereof, the certificate shall be conclusive evi-

dence of the registrant's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the certificate, subject to any conditions or limitations stated therein except when one of the following defenses or defects is established.

I emphasize that last clause: except when one of the following defenses or defects is established.

Then seven defenses or defects are listed. They are as follows:

(1) That the registration or the incontestable right to use the mark was obtained fraudulently; or

(2) That the mark has been abandoned by the registrant; or

(3) That the registered mark has been assigned and is being used, by or with the permission of the assignee, so as to misrepresent the source of the goods or services in connection with which the mark is used; or

(4) That the use of the name, term, or device charged to be an infringement is a use, otherwise than as a trade or service mark, of the party's individual name in his own business, or of the individual name of anyone in privity with such party, or of a term or device which is descriptive of and used fairly and in good faith only to describe to users the goods or services of such party, or their geographic origin; or

(5) That the mark whose use by a party is charged as an infringement was adopted without knowledge of the registrant's prior use and has been continuously used by such party or those in privity with him from a date prior to the publication of the registered mark under subsection (a) or (c) of section 12 of this act: *Provided, however,* That this defense or defect shall apply only for the area in which such continuous prior use is proved.

(6) That the mark whose use is charged as an infringement was registered and used prior to the publication under subsection (a) or (c) of section 12 of this act of the registered mark of the registrant, and not abandoned: *Provided, however,* That this defense or defect shall apply only where the said mark has been published pursuant to subsection (c) of section 12 and shall apply only for the area in which the mark was used prior to the date of publication of the registrant's mark under subsection (a) or (c) of section 12 of this act.

(7) That the mark has been or is being used to violate the antitrust laws of the United States.

Mr. President, the point which I wish to make perfectly clear is that the use of such a mark to violate the antitrust laws, constitutes a defense in an infringement suit. The House managers so stated in their statement to the House.

Now I read from the statement of the House managers:

Amendment No. 28: This amendment provides that the use of a registered mark in violation of the antitrust laws shall constitute a defense to a suit by the registrant. The House recedes with an amendment substituting the words "to violate" for the words "in violation of". This amendment provides an additional defense to the conclusive evidence rule of a certificate of registration of a mark which has become incontestable under section 15. It does not and is not intended to enlarge, restrict, amend, or modify the substantive law of trade-marks, either as set out in other sections of this act or as heretofore applied by the courts. The amendment does not and is not intended to affect the validity of the mark nor affect the right of the registrant to continue use or enforce his rights in the mark. If it is established that a registrant has used or

is using his registered mark, which has become incontestable, as the legal, causal, and efficient instrumentality to violate the antitrust laws of the United States, such registrant is denied the benefit of the rule that the certificate of registration is conclusive evidence of his exclusive right to use the mark. Under such circumstances, the certificate is only prima facie evidence of his exclusive right to use and he must be prepared to carry the additional burden of proof as though his mark had not become incontestable.

Here I emphasize the first sentence:

This amendment provides that the use of a registered mark in violation of the antitrust laws shall constitute a defense to a suit by the registrant.

I did not want the RECORD, Mr. President, before the approval of the conference report, to be susceptible of any misunderstanding. It is a matter of great importance to the consumers of the United States that they shall know that trade-marks are being used as it was intended under the common law that they should be used. By reason of the invention of the radio, the great improvement in communications, the invention of the airplane and the great improvement in travel, it is now possible for management in a central point to send goods all over the country, indeed, all over the world. And it is possible to abuse trade-marks. But it is of such great importance to the public of the United States that restraints of trade shall not be permitted, that the Senate inserted this amendment to make it a defense to an infringement suit as well as to make it a ground of contestability if it should be shown that the registrant was using the mark itself to violate the antitrust law.

As the Senator from New Jersey [Mr. HAWKES], one of the conferees, has well said in a notable speech which he made to a graduating class in New York State a week or so ago, those who seek equity must do equity; and when we seek the protection of the laws of the United States we must be prepared to do so with clean hands. The Senator from New Jersey has announced that principle, which is, of course, old in the law of equity, and to which we all subscribe.

The intent of Congress to protect the public from the abuse of trade-marks and trade names was demonstrated by the adoption of an amendment permitting the Federal Trade Commission to apply to cancel a mark. This proviso reads as follows:

Provided, That the Federal Trade Commission may apply to cancel on the grounds specified in subsections (c) and (d) of this section any mark registered on the principal register established by this act, and the prescribed fee shall not be required.

Mr. HAWKES. Mr. President, the Senator from Wyoming suggested that I read the report. I think it is unnecessary to take the time of the Senate to do so, because I had printed in the RECORD a statement which will be found in the RECORD of June 27, on page 7814.

First, I should like to thank the Senator from Wyoming for his cooperation. I think he has made a very clear statement, and I am sure that he does not misunderstand what happened the other

\$16,303,000, as proposed by the House, and \$18,338,000, as proposed by the Senate; establishes the amount limitation upon expenditures for personal services in the District of Columbia at \$1,525,000, as proposed by the Senate, instead of \$1,485,000, as proposed by the House; and authorizes the Navy Department to transfer without charge equipment and supplies for upper air soundings, as proposed by the Senate.

Amendments Nos. 75, 76, 77, and 78, applying to miscellaneous provisions, Department of Commerce: Extends the authority of the Secretary to delegate to subordinate officials the power to authorize payment of travel and incidental expenses to include expenses of transportation of the immediate families of personnel, as proposed by the Senate; and restores the House provision making certain appropriations available for supplying medical services to personnel in Alaska, providing for their subsistence upon a reimbursable basis, and for travel expenses of personnel, upon appointment, from place of residence to points outside the continental limits of the United States or in Alaska, amended to permit of an expenditure of not exceeding \$20,000, upon a reimbursable basis, for relieving distressed persons in remote localities.

Amendments Nos. 79 and 80, relating to the Judiciary: Appropriates for salaries, United States Supreme Court, \$598,590, as proposed by the Senate, instead of \$591,200, as proposed by the House, and appropriates for salaries of judges \$3,200,000, as proposed by the Senate, instead of \$3,000,000, as proposed by the House.

AMENDMENTS IN DISAGREEMENT

No. 2, relating to an informational program outside continental United States, Department of State. The House managers will move to recede and concur.

No. 8, relating to surplus property disposal, Department of State. The House managers will move to recede and concur with an amendment reducing the amount to \$6,000,000.

No. 26, relating to the termination of the employment of personnel by the Secretary of State when deemed necessary or desirable in the interests of the United States. The House managers will move to recede and concur.

No. 39, relating to a census of business agreement.

No. 40, relating to a census of manufactures. The House managers will insist upon disagreement.

No. 46, relating to the maintenance and operation of air-navigation facilities (Executive Order 9709). The House managers will move to recede and concur with an amendment reducing the appropriation proposed from \$2,874,000 to \$2,500,000.

No. 50, relating to warehousing for airplane parts, Civil Aeronautics Administration, and limiting the amount to be expended for the repair or overhaul of aircraft. The House managers will move to recede and concur in the amendment of the Senate, increasing the amount limitation upon the repair or overhaul of airplanes from \$100 to \$200, and including labor as a cost factor.

No. 56, relating to the transfer of seven vessels from the Navy Department to the Coast and Geodetic Survey. The House managers will move to recede and concur.

No. 57, limiting departmental salaries of Bureau of Foreign and Domestic Commerce at seat of government and making an amount thereof available for Office of Small Business. The House managers will move to recede and concur with an amendment reducing the amount proposed.

No. 58, broadening the scope in specified respects of the appropriation of the Bureau of Foreign and Domestic Commerce for departmental salaries and expenses. The House managers will move to recede and concur.

No. 65, establishing under the Patent Office a charge of 10 cents per copy for design patents and certificates of trade-mark registration. The House managers will move to recede and concur.

No. 73, relating to the conduct by the Weather Bureau of meteorological investigations in the Arctic region. The House managers will move to recede and concur.

No. 74, relating to the maintenance and operation of meteorological facilities (Executive Order 9709) by the Weather Bureau in foreign countries and in Territories and possessions of the United States. The House managers will move to recede and concur.

No. 81, relating to limitations on expenditures of funds to pay salary and wages of anyone who engages in a strike against the Government, or who is a member of an organization that asserts the right to strike against the Government, and so forth. The House managers will move to recede and concur.

LOUIS C. RABAUT,
BUTLER B. HARE,
J. VAUGHAN GARY,
KARL STEFAN,

Managers on the Part of the House.

CALENDAR WEDNESDAY

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that business in order on Calendar Wednesday next week may be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

Mr. MARCANTONIO. Mr. Speaker, reserving the right to object, and I am not going to object, I simply take this opportunity to state why I am not going to object. I am not going to object, so as to give an opportunity for the consideration of the Crosser bill on Wednesday and also because it is agreed that the contempt proceedings from the Wood committee will not be called up on Wednesday or next week.

Mr. BENDER. Mr. Speaker, I reserve the right to object. I do not quite understand what the gentleman from New York [Mr. MARCANTONIO] means by giving up Calendar Wednesday. Is the gentleman yielding in his effort and the effort of some of the rest of us?

Mr. MARCANTONIO. Now, since the gentleman has taken that position—

Mr. BENDER. I am not taking any position. I am simply asking a question.

Mr. MARCANTONIO. I can understand what is behind the gentleman's question and I want to answer it. I yield no effort nor any advantage. We want this railroad retirement bill considered. Calendar Wednesday is not being given up except for just one Wednesday, and that is done solely for the purpose of granting the railroad workers a chance to have their pension bill passed.

Mr. BENDER. Of course we do.

Mr. MARCANTONIO. It has been held up. I am not going to permit that bill to be held up any further.

Mr. BENDER. Who has been holding it up?

Mr. MARCANTONIO. Just a minute. I am not going to have it held up by insisting on Calendar Wednesday and thus block completion of that bill.

Mr. BENDER. By what process of thinking or by what right does the gentleman assume to make such a state-

ment? Has the gentleman any right to speak for the leadership?

Mr. MARCANTONIO. I am speaking for myself and for nobody else. I feel it is my responsibility as an individual Member of this House to do nothing that would obstruct further consideration of the Crosser bill. I intend no criticism of the majority leader. He has given full cooperation to bring about passage of the railroad pension bill.

Mr. BENDER. I would like the gentleman to inform me as to what has been done to obstruct consideration of that bill. I am not aware of any obstruction. We have been waiting for that bill just as anxiously as the gentleman has, but other business has come up here. Incidentally, those three resolutions in connection with the reorganization of the Government have been waiting. Those things come in order. I believe the leadership of the House is sincere, is genuine in trying to do this job in a regular and honorable way. I disagree with the gentleman from New York. I think the gentleman from Massachusetts [Mr. McCORMACK] is doing the best job he can in order to expedite matters and bring things up here in order.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts [Mr. McCORMACK]?

There was no objection.

NATIONAL MENTAL HEALTH ACT

Mr. PRIEST. Mr. Speaker, I call up the conference report on the bill (H. R. 4512) to amend the Public Health Service Act to provide for research relating to psychiatric disorders and to aid in the development of more effective methods of prevention, diagnosis, and treatment of such disorders, and for other purposes, and I ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the statement of the managers.

(For conference report and statement, see proceedings of the House of June 26, 1946.)

Mr. PRIEST. Mr. Speaker, this is a unanimous report from the committee on conference.

There were four amendments to the bill as it passed the House. The Senate receded on two, the House receded on one, and an agreement with an amendment was worked out on the other. It is a unanimous report.

Mr. Speaker, I yield 2 minutes to the gentleman from Ohio [Mr. BROWN].

Mr. BROWN of Ohio. Mr. Speaker, as the gentleman from Tennessee has said, this is a unanimous report of the conference committee. The House yielded, in fact, on only one amendment, and that was a slight increase in the amount set up in the bill for the construction of the research center at Bethesda and was necessary because of the fact that the original estimated cost had been made in 1939 or early 1940 before the present increase in construction costs had come about. The increase allowed is simply enough to cover the increased costs of construction.

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield.

Mr. MARTIN of Massachusetts. I should like to know what the gentleman considers a slight increase these days.

Mr. BROWN of Ohio. This increase happens to be from \$4,500,000 to \$7,500,000—a \$3,000,000 increase. It does not accurately reflect the cost which has come about under the hold-the-line order of the administration of the gentleman from Tennessee, but we held it down to as close a percentage as we could. If we had provided for the actual increase, we should probably have had to double the amount. In fact, they figure that the total increase would bring the cost to something like \$11,500,000, but the House committee as usual stood for economy and was able to hold it to \$7,500,000.

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

AMENDING SECOND WAR POWERS ACT— CONFERENCE REPORT

Mr. HOBBS. Mr. Speaker, I call up the conference report on the bill (H. R. 5716) to amend the Second War Powers Act of 1942 as amended and ask unanimous consent that the statement of the managers may be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The Clerk read the statement of the managers.

(For conference report and statement see proceedings of the House of June 27, 1946.)

Mr. HOBBS. Mr. Speaker, I yield to the gentleman from Alabama [Mr. MANASCO].

Mr. MANASCO. Mr. Speaker, I ask unanimous consent that I may include at this point in the RECORD correspondence from the War Assets Administration in reply to a protest of mine of the action of the Civilian Production Administration in violating the veterans' preference law for surplus property which became law on May 3 of this year.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The matter referred to follows:

WAR ASSETS ADMINISTRATION,
Washington, D. C., June 25, 1946.

HON. CARTER MANASCO,
House of Representatives,
Washington, D. C.

DEAR CONGRESSMAN MANASCO: In accordance with your request to Mr. Robert J. Hayes, we enclose a copy of a teletype dated June 13, 1946, sent to all regional offices giving the substance of a directive issued by Civilian Production Administration with regard to the sale of rails to Treasury Procurement Division, acting as agent for UNRRA.

Also enclosed is a copy of War Assets Administration Daily Bulletin No. 12, which incorporates the teletype to the regions.

There is further enclosed a copy of the directive from Civilian Production Administration dated June 5, 1946.

As you have been advised, the Civilian Production Administration has issued Priorities Regulation No. 13, which is applicable to the disposal of surplus property, and the CPA from time to time issues specific direc-

tions under this regulation. We understand that CPA derives its authority to issue these directions from section 301 of the Second War Powers Act. Section 34 (b) of the Surplus Property Act states that "nothing in this act shall impair or affect the provisions of * * * section 301 of the Second War Powers Act, 1942."

Sincerely yours,

E. A. STANSFIELD,
Acting General Counsel.

JUNE 13, 1946.

To All Regional Offices:

Under date of June 5 the Civilian Production Administration filed with this office a directive pursuant to Priorities Regulation 13 covering 75- and 90-pound rails and accessories. In accordance with this directive, you are to freeze all 75- and 90-pound rails and accessories in your present inventory and all of these items which may be declared surplus to your office in the future. This directive covers the disposal up to 50,000 tons of the items as stated to the Treasury Procurement Division, acting as agent for UNRRA, subject to satisfactory financial arrangements. In accordance with this directive, you are to enter into sales negotiations with UNRRA, notifying this office when sales are consummated so that tonnage sold can be charged against 50,000 tons covered by directive. Acknowledgment this wire requested.

H. W. CORNELL,

FOR FRANK R. CREEDON,

Deputy Administrator for General Disposal.

JUNE 5, 1946.

WAR ASSETS ADMINISTRATION,

Washington, D. C.

(Attention: Mr. R. A. Stephens, Steel Division.)

GENTLEMEN: The fulfillment of requirements for the defense of the United States has created a shortage in the supply of rails and accessories for defense, for private account and for export.

In view of the urgent need of 75- and 90-pound rails and accessories for the rehabilitation of transportation facilities in China, the following action is taken:

Pursuant to priorities regulation No. 13 you are hereby directed to dispose up to 50,000 tons of 75- and 90-pound rails and accessories to the Treasury Procurement Division, acting as agents for UNRRA, subject to financial arrangements satisfactory to you.

This directive will expire September 30 or as soon as War Assets Administration has made available to the Treasury Procurement Division the 50,000 tons disclosed in this directive if that occurs before September 30, 1946.

Very truly yours,

J. JOSEPH WHELAN,
Recording Secretary.

SECTION V. PRIORITIES REGULATIONS COVERING 75- AND 90-POUND RAILS AND ACCESSORIES

1. Under date of June 5, the Civilian Production Administration filed with this office a directive pursuant to priorities regulation No. 13 covering 75- and 90-pound rails and accessories. In accordance with this directive you are to freeze all 75- and 90-pound rails and accessories in your present inventory and all of these items which may be declared surplus to your office in the future. This directive covers the disposal up to 50,000 tons of the items as stated, to the Treasury Procurement Division acting as agent for UNRRA, subject to satisfactory financial arrangements. In accordance with this directive you are to enter into sales negotiations with UNRRA notifying this office when sales are consummated so that tonnage sold can be charged against 50,000 tons covered by directive. Acknowledgment this wire requested.

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

AUTHORIZING APPOINTMENT OF ADDITIONAL FOREIGN-SERVICE OFFICERS IN THE CLASSIFIED GRADES

Mr. BLOOM. Mr. Speaker, I call up the conference report on the bill (H. R. 5244) to authorize the appointment of additional foreign-service officers in the classified grades, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of June 26, 1946.)

Mr. BLOOM. Mr. Speaker, I yield to the gentleman from Massachusetts [Mr. MARTIN].

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman explain the conference report?

Mr. BLOOM. Mr. Speaker, the conferees agreed to the Senate amendments which are merely perfecting amendments. The only difference was that we agreed to all of theirs and they agreed to only one of ours. They receded and concurred with reference to the investigations involved in the amendment offered by the gentleman from Michigan [Mr. RABAUT] to the bill that was presented on the floor.

Mr. MARTIN of Massachusetts. What is the amendment?

Mr. BLOOM. The amendment as it passed the House was that the Appropriations Committee, the Foreign Affairs Committee, and like committees of the Senate would have the right to investigate and look into all secret papers. The way the Senate had it looked as if all employees, as well as Members and the committee could do this; so it was amended by the conferees so that any employee who was recommended by a majority of either of the committees of the House or Senate could investigate all of these secret papers. That is all there is to it.

Mrs. ROGERS of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. BLOOM. I yield to the gentleman from Massachusetts.

Mrs. ROGERS of Massachusetts. The bill went through the House rather quickly before the gentleman had a chance to discuss it thoroughly, including the amendment offered by the gentleman from Michigan. That was discussed fully in conference?

Mr. BLOOM. Yes. That has all been agreed to by the conferees.

Mrs. ROGERS of Massachusetts. It is satisfactory to everybody?

Mr. BLOOM. Yes.

Mr. MARTIN of Massachusetts. It is a unanimous agreement?

Mr. BLOOM. Yes.

The SPEAKER. The question is on the conference report.

June
29

[PUBLIC LAW 475—79TH CONGRESS]

[CHAPTER 526—2D SESSION]

[H. R. 5716]

AN ACT

To amend the Second War Powers Act, 1942, as amended.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That title XV, section 1501, of the Second War Powers Act, 1942, approved March 27, 1942, as amended, is amended to read as follows:

“SEC. 1501. Titles I, II, IV, V, VII, and XIV of this Act, and the amendments to existing law made by any such title, shall remain in force only until March 31, 1947, or until such earlier time as the two Houses of Congress by concurrent resolution, or the President may designate, and title III of this Act, and the amendments to existing law made by such title, shall remain in force only until March 31, 1947 (except that for purposes of allocations of building materials, and facilities related to the utilization of building materials, such title III, and the amendments to existing law made by such title, shall remain in force until June 30, 1947), or until such earlier time as the two Houses of Congress by concurrent resolution, or the President, may designate, and after such amendments cease to be in force any provision of law amended thereby shall be in full force and effect as though this Act had not been enacted; but no court proceedings brought under any such title shall abate by reason of the termination hereunder of such title.”

Title XI of the Second War Powers Act, 1942, as amended, is hereby repealed as of June 30, 1946.

SEC. 2. Title XV of such Act, as amended, is amended by inserting at the end thereof a new section as follows:

“SEC. 1503. Nothing contained in this Act or any other Federal Act (except the Emergency Price Control Act of 1942, as amended, the Stabilization Act of 1942, as amended, or the District of Columbia Emergency Rent Act, approved December 2, 1941, as amended), shall be construed to authorize the establishment by any officer or agency of the Government of maximum prices for any commodity or maximum rents for any housing accommodations.”

Approved June 29, 1946.

